

COMMERCE AND INDUSTRY

HISTORICAL REVIEW

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COMMERCE AND INDUSTRY

A Historical Review of the Economic Conditions of
the British Empire from the Peace of Paris in 1815
to the Declaration of War in 1914, based on
Parliamentary Debates

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WITH A PREFACE BY

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EDITORIAL NOTE

THESE volumes are the outcome of a desire of the Editor and staff, supported by the directorate of the Victoria County History, to carry out some work that might perhaps be of national utility when the exigencies of war had made historical research impossible. The object has been to provide an impartial review of public opinion on commercial and industrial matters as represented by debates in the Houses of Parliament during the past century. It is hoped by this means to afford some assistance to those interested in the reconstruction which necessarily follows the destructive agency of war. The review is supplemented by a volume of Statistical Tables from which many of the arguments from time to time raised in Parliament may be tested and fresh conclusions can be drawn.

Since these volumes have been compiled all the members of the staff of the Victoria County History have undertaken work in some branch of national service and two of them have made the supreme sacrifice for their country. The following have collaborated with the Editor in writing various sections of this volume:—Rev. E. E. Dorling, M.A., F.S.A., senior chaplain to the Forces; Miss H. L. E. Garbett, assistant on the staff of the Wheat Commission; Miss M. Hollings, B.A., attached staff, War Office (Intelligence Directorate); Miss O. M. Moger, Oxford Honours School of Mathematics, technical assistant, the Department of Aircraft Production; Miss A. Raven, attached staff, War Office (Intelligence Directorate); Miss L. J. Redstone, M.B.E., B.A., member of the staff of the Ministry of Munitions engaged upon the records of the Department; Mrs. D. M. G. Temperley, M.B.E., First Class History and First Class Law Tripos, member of the staff of the Ministry of Munitions engaged upon the records of the Department; the Index has been prepared by Miss Philippa Tyler.

The Editor wishes to express his indebtedness to Sir William Ashley, whose constant help, advice and criticism have greatly added to the completeness, utility and accuracy of the work.

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PREFACE

CONCERNING the economic fortunes of a country it is possible to hold very different views. We may see in them the effects of human wills, however motived or inspired, and whether wisely or unwisely directed; we may see in them the inevitable evolution, for good or for ill, of unconscious forces, working in a given physical environment; or we may combine in our philosophy these elements of Free Will and Necessity in varying proportions. But whatever may be our individual attitude, it is evident that economic phenomena, and men's hopes and fears concerning them, are going to occupy a large part of our attention in the new age opened by the World Peace. And to those who are confronting the problems of the next hundred years the history of the hundred—or more exactly of the ninety-nine—years between the last two great wars must assuredly be of interest, whether we turn to it in a spirit of rational curiosity, to learn the beginnings and early stages of institutions or movements now fully grown, or whether we go to it for warning and guidance on the path we have ourselves to tread.

These two volumes are an attempt to set forth the last century of Britain's economic history, before the cataclysm of the war, by a novel method. Previous efforts in this direction have almost invariably been more or less biased and partisan. This is not said necessarily by way of condemnation. Prepossessions may, indeed, be so intense that even the most significant facts fail to make an adequate impression. But bias does not commonly approach so near to wilful blindness. What usually happens is not that the larger facts are omitted, but that they are placed in such a perspective, or given such a graduation of emphasis, that they are made to suggest a one-sided lesson or point a partial moral. With the best will in the world a writer cannot altogether pluck himself clear of his customary mental attitude. And the artistic sense itself, craving as it must to give shape and unity to the narration, leads, consciously or unconsciously, to a practice of selection which may give truth, but, from the nature of the case, must often fall considerably short of the whole truth. Complete objectivity and a high degree of literary power are perhaps incompatible.

In the present publication absolute impartiality may not everywhere be attained; but the plan on which it has been undertaken certainly conduces to that end. It is based throughout, not exclusively but substantially, on the Parliamentary Debates as reported by Hansard, and this not only because they are, in any case, among the most important sources of information, but even more because—in consequence of the party system—they may be counted upon to give “both sides” of every controverted issue. And the utilization of this material has been entered upon not by one author but by a group of workers, brought together by no similarity of political or social views, but by previous co-operation in that altogether scholarly and scientific undertaking, the Victoria County History. Being human, they have had their individual outlook, and quite possibly the effect may be here and there visible; but they had all learnt the responsibility of team-work, and they had all benefited by a previous training in less controversial fields.

In the main the first volume of this work is an attempt to view the

movement of British industrial and commercial life through the eyes, at each period, of Parliament ; or, rather, through the eyes of the leading or more voluble personages in the two Houses. Such a method has valuable qualities ; it has also their defects. For obviously we cannot turn to the debates, even of the House of Commons, with like confidence in each decade that we shall find an adequate statement there of every significant body of fact or opinion. The very intention of the several Reform Bills throughout the century was simply to make the Commons' House more completely representative of the nation. But more must be said even than this. During many sessions, and these not only the earlier ones, there were happenings in the world outside Parliament of which no one, inside or out, who could make himself widely audible was altogether conscious. The significance of an event often requires a long perspective to make itself apparent. The eyes of each generation for the facts of its own time are the eyes of contemporaries, and there are facts whose meaning no contemporary can discern. An effort has been made—with, I think, some success—in the course of the editing of the volume to overcome these inevitable limitations by calling into service other sources of information ; but to reshape the volume entirely, and to assign space and prominence from the point of view of a judgment of to-day, would have been to change the character of the work. It would have succumbed to the very temptation it was planned to avoid—the danger of unconsciously colouring the whole narrative to fit into a particular scheme of thought.

To the first—parliamentary—volume is added a volume of statistics. These are intended to cover the whole ground, so far as there are statistics available. With hardly any exception they are taken from official sources. Such sins as they may occasionally be guilty of, when judged by the severest of recent statistical standards, they have been guilty of from their birth ; they have not originated in the present collection, and sufficient references have been given to the sources to enable experts to track them down. It was not the intention of the Editor to leave any important subject unrepresented in the tables if figures were forthcoming. To avoid the risks incident to any selection or averaging of years, he has, in the great majority of cases, given the figures for every single year. Naturally he has sought, under each heading, to make the series as complete as possible, and it must be understood that where the tables begin at a date later than 1815—frequently, alas ! a date a good deal later—it is because earlier figures are not to be found.

The United Kingdom of 1914 was of the same area as in 1815 ; the broad outlines of its agrarian system were also the same in Great Britain, though in Ireland in 1914 a profound transformation was well under way. In all other respects it was vastly different. It was the centre of a vastly different British Empire. And the United Kingdom and the Empire had their place in a vastly different world. The reshaping of the world around the Empire is a theme too large to be handled here. And even at the Empire itself outside the United Kingdom one can do no more than glance. Is it possible to prepare the reader for the study of the chapters and statistics that follow by a few illustrations of the immensity of the changes in the Motherland ? Will not the writer be suspected of seeking to advance some hidden thesis ? Can he even trust himself ? At any rate he will venture upon it, saying nothing of causes and meanings, but simply registering the

outstanding features of the economic landscape, as they might be automatically recorded by an aeroplane with an attachment for sociological photography.

To begin with, the population, in the course of the ninety-nine years between 1815 and 1914, had much more than doubled; the increase had been from about nineteen and a half millions to about forty-six and a half, or in rather more than the proportion of one to two and a third. But this increase was not equably spread over the three kingdoms. In Ireland there had been no increase at all, but a shrinkage approaching one-third. In Scotland the population had more than doubled. But in England and Wales it had almost quadrupled, having advanced from ten to thirty-seven millions. That within England and Scotland the increase was almost confined to the urban areas does but add to the significance of the fact that a visitor who wandered over the country in 1914 would come across almost four times as many people as he would have met with in 1815.

At the beginning of our period the population lived almost entirely on home-grown food. So far as meat was concerned, there existed neither cattle in other countries to draw upon nor the means of carriage and of preservation during transport. Bread, the staff of life, had in this country long been made of wheat; and it was less than a quarter of a century since England had ceased to be a wheat-exporting country. The supplies of corn drawn from abroad in 1815 were quite insignificant. In 1914 the British Isles were importing half the food of all kinds (including meat and dairy produce) which they consumed and four-fifths of the bread corn.

This imported food was chiefly paid for by exports of British produce and manufactures. Omitting the war years, 1815 and 1914, as abnormal, and comparing the quinquennial averages for 1816-1820 and 1909-1913, British exports increased almost twelvefold—from some forty millions to some four hundred and seventy-five millions in annual value; or from just over two to just over ten pounds sterling per head of the population. When our period opens cotton goods were already by far the most important item in our list of exports, amounting to some two-fifths of the whole; the woollen trade, which in earlier centuries had been the only export industry of the country, now furnished less than half that proportion. Including linen and silk, the textile group made up three-fifths of the whole forty millions of exports. At the end of the period, while the total exports had multiplied themselves by twelve, and the contribution of the textile group had also hugely increased in positive amount, their proportion had markedly declined; it had fallen from three-fifths nearly to three-ninths. Cotton still headed the list, but not far below its hundred and thirteen millions of exports was the iron and steel group (including manufactures, machinery and ships) with its ninety millions. For iron exports at the opening of the period there seem to be no reliable figures; they were perhaps in the neighbourhood of two millions sterling in value. It is pretty safe to say that their proportion in our exports had risen from a twentieth to nearly a fifth. And during the century quite new articles of export had emerged, chief among them the unmanufactured product coal, which accounted before the war for approaching one-eleventh of the whole exported value.

Inasmuch as the United Kingdom does not grow cotton and produces altogether inadequate supplies of the other important raw materials, such as

wool and iron ore, its manufacturing activities involve large imports of raw materials in addition to food. And therefore it was, that of the total volume of imports into the United Kingdom, which had swollen during the ninety-nine years from some thirty-two to some six hundred and ninety millions in annual value, considerably more than five-sevenths were made up when the period closed, and in about equal proportions, by "food, drink and tobacco" and "raw materials and articles mainly unmanufactured."

In paying for its imports a nation is not limited to material commodities; it may pay for them also by services. And the large excess of imports over exports at the end of our period was to be explained in great measure by the services rendered to the rest of the world by British shipping. In 1815 the tonnage of vessels belonging to the United Kingdom was about two and a half millions, all wooden and wind-driven. In 1914 it amounted to almost twelve and a quarter millions, and all but a very small fraction of the vessels were driven by steam and constructed of steel. And this shipping in 1914 probably earned, by way of freight charges paid by other countries, somewhere about one hundred millions sterling.

The other main explanation of the excess of imports is that imports are to a very considerable extent merely the form in which other countries pay interest on British capital invested outside these islands. In 1815 the disposable capital of the world was small indeed as compared with our own day; and, such as it was, more was placed by foreigners in English securities than by English capitalists abroad. The twenty millions sterling of English funds owned by foreigners in 1815 seemed then a big amount; in 1914 the excess of English investments outside the United Kingdom over foreign investments here was certainly in the neighbourhood of three thousand millions, divided in roughly equal proportions between the British Empire beyond the seas and foreign lands.

Such, then, are some of the contrasts between 1815 and 1914 which are reached by starting with the population and asking how the country managed to feed it. It may be possible to go a little further and yet avoid any subjective colouring.

Statistics of occupation are the despair of historians, when they come to deal with recent times, owing both to their imperfection in the earlier part of the nineteenth century and to the subsequent changes in classification. But we are on fairly solid ground, with respect to England and Wales, when we say that in 1815 about four out of ten of the male population were engaged in agriculture and in 1914 about one out of ten. Or putting the facts the other way: In 1815 six out of ten were already engaged in manufacture, trade, transport and other non-agricultural pursuits; in 1914, nine out of ten. At the former date, "the industrial revolution," which accompanied the introduction of machinery and large-scale manufacture, was far advanced; and, in the two years immediately preceding the Battle of Waterloo, the industrial code, which had come down from Tudor times for the regulation of wages and employment, and had long been obsolete, was repealed. Two years after Waterloo appeared the famous treatise of Ricardo, which shows how strong a hold what Adam Smith calls "the obvious and simple system of natural liberty" had obtained on men's minds by assuming it, without argument, as the postulate of all its reasoning. Two dates near the middle of the century mark—the one, 1846, the victory of "the system," con-

clusive for a long time in the field of commerce, with the repeal of the Corn Laws ; the other, 1847, its defeat in regard to labour, with the passage of the Ten Hours Act. How far the series of enactments at the close of the period under consideration—the Workmen's Compensation Act of 1897, the Eight Hours Act for Coal Mines of 1908, the Trade Boards Act of 1909, and the Minimum Wage Act for Miners of 1912—represent a definite reversion to a policy of control of industry by the State, and how that control will shape itself under the more democratic conditions of the present—these are questions which must be left for observers fifty years hence.

Machinery in production and transport necessitates capital, and now furnishes the chief direction for its investment. And the enormous enlargement of capital, in this as in all other countries which have been drawn into the modern economic movement, is the other significant fact which requires to be noticed. The available estimates are open to serious criticism, and fail to distinguish between national "wealth" and business "capital" in the narrower sense. Still, the contrast between the figure 3 and any figure between 12 and 15 for the wealth of the United Kingdom in thousands of millions of pounds sterling may serve as some approximate indication of the relative position in 1815 and 1914.

The significance of all these figures with respect to the United Kingdom can only be fully realized when they are considered in relation to the British Empire of which it is the centre, and in relation also to the contemporary development of foreign countries. The parallel movement—whether slower or more rapid in this or the other respect, and in the several segments of the period—must be studied elsewhere. For the British Empire the second volume of this work gives a large body of information. It is necessary here only to remark that while 1815 found a British Empire already in existence which was great in mere extent, by 1914 that Empire had completely changed its character. The great stretches of what are now Canada, Australia and New Zealand have been peopled by inhabitants of European, and overwhelmingly of British, descent ; in Canada the population increasing from half a million to eight millions, in Australia from fifteen thousand to just under five millions ; while at Waterloo the peopling of New Zealand, now occupied by a million persons, had still to begin. Contrasts of like significance are presented by the history of South Africa. The inhabitants of these lands early acquired "responsible government" ; they have gone on to become "self-governing Dominions" ; and from the union of the chief geographical groups three great States have arisen in the Dominion of Canada (1867), the Commonwealth of Australia (1901), and the Union of South Africa (1910), embodying three different degrees of federal association. They are no longer "colonies" in any sense which implies subjection ; they are daughter States, kept at the side of the Mother Country by bonds of sentiment rather than constitutional ties. After a time, during the nine-and-ninety years, when their destiny might well seem to be complete separation, the craving for some form of permanent alliance and common citizenship which shall be consistent with national independence had begun to create an appropriate constitutional organization in the Imperial Conference (1907). Meanwhile the rule of Britain in India had been extended ; had been transferred entirely from a Company to the Crown, and significant steps had already been taken in the direction of self-government.

Edgbaston,
Easter, 1919.

WILLIAM ASHLEY.

CORRIGENDA

- Page 23, note 9, *add to reference xxix, 977.*
- „ „ „ 14, *for 803 read 826.*
- „ 27, line 15, *for country was adapted to its growth and the difficulty read country was ill adapted to its growth but the difficulty.*
- „ „ note 32, *for Ibid. xxxiii, 700, read Ibid. xxxiv, 779.*
- „ 26, last line, *for Earl of Bathurst read Earl Bathurst.*
- „ 38, note 81, *for Ibid. xxi, 24, read xxi, 624.*
- „ „ „ 82, *add Hansard xxxvii, 559.*
- „ 41 „ 1, *for xxxvii, 347, read xl, 337-47.*
- „ 44 „ 23, *for xxxix read xxx.*
- „ 45 „ 28, *for 84 read 34.*
- „ 256, line 5, *for Cave, Home Secretary, answering Milner-Gibson, read Cave answering Milner-Gibson.*

CHAPTER I

INTRODUCTION

ALTHOUGH the foundations of our commercial prosperity were laid in the Tudor period, the structure rose most rapidly after the Seven Years' War which ended in 1763. We had largely increased our possessions in America and had established ourselves in India. In Europe all our potential commercial rivals were fully occupied with their internal and external troubles. Thus a golden opportunity occurred of supplying the markets of the world with our manufactures and the produce of our colonies and dependencies. Notwithstanding the attempt of Buonaparte to destroy our commerce during the Napoleonic wars, our maritime supremacy enabled us to maintain our commercial position, and after the battle of Trafalgar in 1805 we had command of every sea and control of the commerce of the world.

It was our insular position that had promoted our sea power and provided us with easy access to our seaports, but, beyond all things, it had given us a better security against commotions in our own and adjacent countries than was enjoyed by any of our continental neighbours. The fertility of our soil had until recently not only supplied us with a sufficiency of bread but had enabled us to export our grain to foreign countries. The wool from our sheep had always been a commodity for which this country was noted: and our mineral resources were at the beginning of their development. Wealth, gained by our industries and organized by our banking system, gave us the economic power that capital furnishes for developing trade. Our population, comprising the adventurous and persevering Englishman, the shrewd and hardy Scotsman, and the quick-witted Irishman and Welshman, had provided inventors to advance our industrial prosperity, explorers to establish new markets, and financiers to develop our resources; while refugees from France, Flanders and elsewhere had introduced new trades which had flourished under our freer institutions and with the aid of our capital.

The advantages of Britain at the beginning of the century were summed up as follows in 1816 by Thomas Frankland Lewis, member for Beaumaris and later Treasurer of the Navy: 'This country was the first manufacturing State in the world, not because labour was cheaper here than elsewhere, but because our persons and properties were secure, because we had a good government, because we possessed some peculiar natural advantages, because we had coals in abundance, because we had machinery and mechanical ingenuity, because from our situation we were not liable to the devastations of war, which interrupts the progress of all improvement in countries exposed to its fury, and above all because we had a vast accumulation

of capital in which no other people could compete with us and which would not seek employment under laws that yielded a more uncertain protection.' ¹

Facility of internal communication, the most important consideration for the development of trade, was everywhere poor according to modern ideas, and England was not perhaps better off than other countries in this respect. The turnpike trusts introduced in the middle of the 18th century undoubtedly caused improvements in the maintenance of roads, ditches and drains and the erection of milestones; but in many places the roads, even turnpike roads, were still in a deplorable condition, with ruts 4 ft. deep and flooded with mud. The farmers, moreover, frequently opposed the improvement of roads, fearing the competition that better communication would bring to their local markets. Even in London as late as 1815 complaints were made that the streets were so broken up that frequent accidents occurred. ²

It was not until the early part of the 19th century, when John Loudon McAdam introduced the system of constructing roads with broken stone, that there was any marked improvement. His system was at once used throughout England and made our roads a pattern to all countries. Up to the end of the 18th century Scotland and Ireland, except for one or two main thoroughfares, had been served by mere tracks impassable in winter. In Scotland, however, Thomas Telford in the first few years of the 19th century made nearly a thousand miles of roads with the necessary bridges and opened up the northern parts so that the social conditions of the people were altogether altered. ³

Pack-horses were still largely used, but heavy wagons and canal boats carried the greater part of our goods traffic at an average rate perhaps of 2 to 3 miles an hour. The rich travelled in their own cumbrous carriages, others on horseback or in post-chaises, but the majority made their journeys by coach. Before the macadamized roads came into use the average speed of a coach carrying fifteen passengers was, under favourable circumstances, between 4 and 5 miles an hour, but after McAdam's improved system of road construction had been adopted the speed for the slowest mail coach was said to be 7 or 8 miles an hour and the faster coaches about 10 miles. Those running between Liverpool and Manchester attained the speed of 12 miles an hour, which was considered so excessive and dangerous that the matter was brought to the notice of the House of Commons in 1816. ⁴ In Ireland the coaches only travelled at the rate of 6 English miles an hour; consequently trade was much hampered. ⁵

The first of a system of canals was one of 11 miles from the Mersey to St. Helens, constructed in 1755. Immediately afterwards an elaborate canal system to serve the manufacturing district around Manchester was devised

¹ *Hansard* (1st Ser.), xxxiv, 183.

² *Ibid.* xxix, 920.

³ Porter, *Progress of the Nation* (1847), 295. By 1829 there were 18,244 miles of turnpike roads in England, some 3,666 miles in Scotland, and 2,631 miles in Wales, but in Ireland road-making was in a backward condition. (*Ibid.* 294.)

⁴ *Hansard* (1st Ser.), xxxv, 1040.

⁵ *Ibid.* xxxviii, 534.

by Francis, third Duke of Bridgewater, and carried out by James Brindley, the engineer. The success of this enterprise led to others, and by the beginning of the next century the country was covered with a network of waterways, whereby all the principal manufacturing centres and river systems were linked up, and merchandise could easily be conveyed over the country. Thus the Grand Junction Canal connected London with the manufacturing districts around Birmingham; the Grand Trunk Canal gave communication between Nottingham, Derby and Leicester and Birmingham; the Kennet and Avon Canal brought Bristol, Bath, and Reading into close touch with London, and other canals gave like facilities. In Scotland the Forth and Clyde Canal, the Caledonian Canal and the Crinan Canal, all built within a few years of the completion of the 18th century, marked a period of advance in trade. The last two were built as ship canals, taking vessels up to 160 and 200 tons burden. It was thought that the construction of canals in Ireland would open out the country to trade and assist in settling it. Although not pecuniary successes,⁶ the Grand and Royal Canals for a time undoubtedly helped to develop the corn and provision trade.

Railways did not come into use till some two decades after the opening of this review, but a locomotive engine was made at Round Foundry, Leeds, in 1812. Tramways, or Outramways, from the name of their inventor, Benjamin Outram, gave some indication of what was coming, but they were mainly run by horse-power in connexion with collieries and other works, and were not used for passenger traffic.

The increase of trade and a growing urban population, which always takes a keener interest in passing events than the dwellers in rural districts, caused a demand for a better postal service and an improvement in newspapers. The postal system which had been introduced in the middle of the 17th century was much improved by the adoption in 1785 of John Palmer's scheme for the conveyance of letters by stage coaches. At the end of the century most of the larger towns, where post offices were established, had a daily delivery of letters, but in the smaller towns the delivery was only twice or three times a week. In country districts letters were sent on by post-boys, who rode out on their ponies and announced their arrival by blowing their horns. The postage on letters could be paid either on handing them in at the post-office or, as was the more ordinary course, on their delivery, for stamps were not in use until after Rowland Hill's scheme was adopted. The cost of postage varied according to distance. As early as 1688 there was a 1*d.* post for London. Later there was a 2*d.* post for letters carried to any point within 3 miles of the General Post Office and a 3*d.* post for the delivery of letters within 12 miles. The postage of single letters or those contained on one sheet of paper, outside the London district, was 3*d.* and upwards, a letter to Edinburgh or Dublin costing 6*d.* The postage to India, the colonies and abroad was partially controlled by the Admiralty and was

⁶ *Hansard* (1st Ser.), xxxii, 737.

irregular and expensive. It was the cause of much complaint in 1815, when merchants, shipowners and others stated that although a high rate was charged there was no certainty that letters to India would reach their destination.⁷

The news-letters and news-sheets of the 17th century gave place to the newspaper of the 18th century. Dublin was the first town to have its daily paper, called *Pue's Occurrences*, which was established about 1700. London followed some three years later with the *Daily Courant*, after which numerous daily papers were issued both in London and the provinces. Among those published in London were the *Morning Chronicle*, begun in 1770, the *Post*, later the *Morning Post*, in 1772, the *Herald* in 1780 and the *Times* in 1788. The circulation of all papers was hampered by the Stamp Duty, which was first imposed in 1712, and gradually increased till in 1797 it reached 4d. on each paper.⁸ With the added cost of the paper, the duty raised the price of newspapers to 6½d. or 7d., which made them practically unobtainable by the working classes. Advertisements, upon which newspapers then as now largely depended to cover the cost of production, were also taxed at the rate of 3s. 6d. each in Great Britain and 2s. 6d. in Ireland. A further disability was imposed in 1819, when it was asserted that the liberty of the press was the cause of the disturbances of that year, and it was therefore enacted that the person responsible for the production of a paper should enter into a bond for the payment of such fines as might be imposed for printing blasphemous or seditious libels.

During the first quarter of the 19th century the social conditions of England were in a state of transition. The principal occupation of the nation was rapidly changing from agriculture to manufacture, and the establishment of factories, chiefly in the midlands and the north, caused a shifting of the centres of population towards those districts. The Tudor policy of industrial restriction was passing away. The Elizabethan Act for fixing the wages of workmen was repealed in 1813 and that for making apprenticeship of seven years obligatory on all craftsmen was swept away in the following year. At the same time the importance of the capitalist began to overshadow that of the landowner and the growing wealth and resources of the people had a tendency to increase the importance of the middle classes of society. The growth of prosperity produced an increase of population calculated at the rate of 52 per cent. for the second half of the 18th century and about 15 per cent. for each of the first three decennial periods of the census returns, beginning in 1801.⁹ So large an increase of population, it was argued by some, was beyond the means of subsistence of the country, and was the cause of the distress which followed the Peace of 1815. This theory was based upon the principles of population

⁷ *Hansard* (1st Ser.), xxx, 766.

⁸ *Ibid.* xxxi, 660.

⁹ Porter, *Progress of the Nation*. The census returns for Ireland begin in 1821. The distribution of the whole population of 21 millions in 1821 was about 11¼ millions in England, ¾ million in Wales, 2 millions in Scotland, and 7 millions in Ireland.

laid down by Malthus,¹⁰ which had a strong influence upon the politicians at the time and gave rise to much controversy then and later.

The increase of wealth, however, had progressed with that of the population. The assessment of income tax between 1803 and 1812 showed an increase of value of real property in Great Britain of £427,000,000¹¹ and in 1798 the income tax at 2s. in the pound realized £6,200,000,¹² while at the same rate it reached £14,485,000 in 1813.¹³ The fullest expansion of the wealth of the country was needed to satisfy the enormous drain of the war. In 1792, the last year of peace before the war of the French Revolution, the public expenditure, including interest on loans, was £19,859,123. In 1814, the last year of the Napoleonic war, it had reached £106,832,260. To meet such increasing expenditure, which was at that time unparalleled, Pitt in 1797 devised his 'new and solid system of finance,' which not proving a success a property or income tax was resorted to in the following year as a war expedient. Under this tax a charge of 10 per cent., or 2s. in the pound, was made on all incomes over £200 and an abatement was allowed on those between that sum and £60. Although repealed for a year at the Peace of 1802, this tax was re-imposed at 5 per cent. on the outbreak of war in 1803, raised to 6½ per cent. in 1805 and again to 10 per cent. in 1806. After the Peace of 1815 the Government wished to continue the tax at 5 per cent., contending that of all modes of taxation none was equally advantageous and economical or less oppressive and burdensome to the community at large.¹⁴ The proposal, however, raised a storm of indignation from all parties, and petitions against the tax flowed in from every part of the kingdom,¹⁵ Brougham describing it as 'the worst and most odious of all taxes.'¹⁶ It was generally thought that the tax could not be continued in peace time without a breach of faith, and the inquisitorial power of the inspectors was highly resented. The Bill for the continuance of the tax was thrown out in March 1816,¹⁷ and thus the country was relieved for some thirty years of this much hated but most convenient method of obtaining money.

The Government were in a dilemma how to raise the sums to which they were pledged, and resort was chiefly made to loans from the Bank of England and to Exchequer bills. Small additional indirect taxes were imposed on soap, butter and cheese, but the war duties on malt were discontinued.¹⁸ The reputation of Vansittart, the Chancellor of the Exchequer, as a financier suffered much from the expedients to which he was compelled to resort, but he undoubtedly had a difficult task to perform, for, as Brougham said a little later, the people had paid to their uttermost farthing 'and must be taxed no more.'¹⁹ Grenfell suggested a suspension of the Sinking Fund which Pitt had established in 1786, but that found little favour, and the recourse to the Bank brought the accusation that

¹⁰ Rev. Thomas Malthus, *Essay on the Principle of Population* (1798).

¹¹ Porter, *Progress of the Nation*, 613.

¹² Smart, *Econ. Ann. of the Nineteenth Cent.*, 37.

¹⁴ *Ibid.* xxxii, 36.

¹⁵ *Ibid.* xxxii, xxxiii, *passim*.

¹⁶ *Ibid.* xxxii, 809.

¹⁷ *Ibid.* xxxiii, 451.

¹³ *Ibid.* 395.

¹⁸ *Ibid.* xxxiii, 457.

¹⁹ *Ibid.* xxxv, 115.

the Ministry were putting the country's finances too much into the hands of that establishment. The income tax, the Government's chief pecuniary resource, having been taken from them, they were never able to devise a new scheme of finance. As Lord Liverpool himself put it, they were obliged to depend on expedients,²⁰ or, as George Tierney, leader of the Whig party in the House of Commons, less kindly expressed it, they resolved to live on the bounty of the Bank of England or to trust to what was still more familiar to them, a chapter of accidents.²¹

The Bank of England, which played such an important part in the finances of the time, had been founded in 1694 for managing the national debt and when necessary making loans to the Government. Banking, in the modern sense, arose among the goldsmiths of London, who in the time of the Civil War received deposits of money and plate and began to keep current accounts. At the Restoration the King, wanting money, borrowed from them on security of taxes. Such was the beginning of Hoare's, Child's, and other private banks still surviving from the 17th century. The Bank of England introduced the circulation of bank notes in 1694 and by its charter other London banks were prevented from competing with it as banks of issue, but as it had no branches a paper circulation grew up among the country banks. These banks largely increased with the growth of trade in the latter part of the 18th and early 19th century. Out of 940 licences taken out in 1814, it is reported that 793 were by banks issuing their own notes. Cheques had come into use in the 17th century, and a clearing house was established in London about 1775.²² A very important part was played by the English banks in promoting the prosperity of the country's trade. They provided a large circulation of currency for the payment of wages and other local requirements; they were able to advance money for the improvements on land²³ and for the promotion of trade enterprises; but the most important function which they performed was the collection of a great floating stock of money which provided a huge capital that gave us an immense commercial power. The French were a more thrifty nation, but they hoarded their savings instead of placing them with a banker to be lent out at interest for the advancement of trade.

The development of our banking system assisted in the 18th century to promote the individualistic doctrines regarding trade in vogue at that time. In the late Tudor period the extension of our foreign trade had been successfully accomplished by means of 'regulated companies.' These companies were combinations of merchants holding under royal charter exclusive privileges to trade with particular countries abroad, each merchant trafficking independently or by a partnership with other merchants limited to an individual voyage. Such were the Company of Merchant Adventurers, trading to the shores of the North Sea, the Eastland Merchants to the Baltic,

²⁰ *Hansard* (1st Ser.), xl, 1229.

²¹ *Ibid.* 482.

²² Gilbert, *Banking* (ed. Sykes, 1907), ii, 272; Jevons, *Money*, 264.

²³ *Hansard* (1st Ser.), xxxvii, 1232.

the Muscovy Company to Russia and the Levant Company to the Mediterranean. Each company by its court regulated the trade and maintained the standard of the goods exported and the conduct of its members. It had factories or branches at the more important towns in the district with which it traded, where the agents or factors of the merchants lived and the merchants made their residence when visiting those towns.²⁴ The system was one which was necessary at the time for the establishment and extension of our foreign commerce, but the monopolies to which it gave rise soon created strong opposition. The traders outside the companies, or 'interlopers' as they were called, not being subject to the companies' rules, undersold the members by exporting inferior wares to the restricted district. When caught they were liable to punishment, but it was difficult to detect them, and as their number increased it became impossible for the companies to contend against them. Meanwhile there was growing up a natural and perhaps healthy movement towards economic freedom and against trade restriction of this kind. It tended, in the time of the Commonwealth, to encourage interlopers at the expense of the regulated companies. Free competition in European countries became acknowledged as the most advantageous form of mercantile life, and the freedom thus obtained could not be withdrawn at the Restoration. The regulated companies, therefore, gradually decayed and became extinct for practical purposes during the long wars of the 18th century.

It was only a step from the 'regulated companies' to the more developed form of 'joint-stock companies,' which became a recognized method of trade at the beginning of the 17th century. These companies, like their predecessors, obtained exclusive rights of trading but did not seek such privileges in European countries. The capital of the members was pooled and the trade conducted by a court of directors, the profits being divided among the shareholders according to the capital invested. One of the first of these companies was the Virginia Company for colonizing a part of America. The East India Company, founded in 1599 as a 'regulated company,' became a 'joint-stock company' in 1612. Numerous joint-stock companies were afterwards established, but in 1720, as a consequence of the scandals resulting from the 'South Sea Bubble,' the formation of companies with transferable shares was prohibited unless incorporated by charter or Act of Parliament.²⁵ With the growth of the doctrine of individual competition, however, at the end of the 18th century, joint-stock companies fell into disfavour. Adam Smith argued that negligence and profusion must prevail more or less in the management of the affairs of these companies, and that those engaged in foreign trade had seldom been able to maintain competition against private undertakings without an exclusive privilege. Brougham went further and considered that only monopolies could save

²⁴ Cunningham, *Growth of Brit. Industry and Commerce*, i, 215, 250.

²⁵ Stat. 6 Geo. I, cap. 18.

them from ruin.²⁶ The Earl of Lauderdale, again, speaking of the Gas Light Bill in 1817, said, 'such corporate companies, by holding out the prospect of great profits to their subscribers in the manner of lottery puffs, would entangle widows and persons unacquainted with business and by command of capital thus raised would prevent the object being accomplished by private individuals, who would do it in a much better and more beneficial way.'²⁷

Until a few months before the repeal in 1825²⁸ of the Act of 1720 for compelling the incorporation of joint-stock companies, or 'the Bubble Act,' as it was called, few such companies were formed for carrying on manufactures in England. The manufacturers looked rather to the banks than the public to supply any increase of capital that they might require. In Ireland, however, by an Act passed before the Union a different course was adopted. In order to encourage Irish industries persons were enabled to invest money in trade as 'anonymous partners' without becoming liable to the operation of the bankruptcy laws. But it was found that the law was uncertain and led to fraud.²⁹

The state of European politics in the latter half of the 18th century, as has already been noticed, was favourable to the trade of this country. France, our great commercial rival, was entirely preoccupied with war, the central European nations were similarly engaged, Holland had her internal troubles to adjust, and Russia, Spain, Italy, Norway and Sweden were not then manufacturing countries. With the conclusion of peace in 1815 the states of the Continent endeavoured to supply themselves with many articles for which they formerly depended upon us. The condition of our trade after the war was therefore less prosperous than it was during its continuance. Brougham lamented in a speech made in 1817³⁰ that we had become shut out from most parts of the Continent, and the Hon. Fred. Robinson, afterwards Earl of Ripon, and for a short time a Tory Prime Minister, gave an even more dismal picture of the future of our trade. Many manufactures, he said, were bound to spring up on the Continent, for the people there were industrious and skilful and had capital. We might be better at making machinery and working it, but foreigners would soon rival us in their own countries. France employed many thousands in making the best silks and cloths, and there was no reason why she should not manufacture cottons. The same could be said of Saxony³¹ and other parts of the German Confederation, Switzerland and other countries, where the manufactories were mostly directed by British spinners and the machinery constructed by British mechanics.³² One factory had all Arkwright's machinery in the highest degree of perfection.³³

Alexander Baring, member for Taunton and later Lord Ashburton, indi-

²⁶ Adam Smith, *Wealth of Nations*, Bk. V, chap. i, pt. iii, article I; Brougham, *Colonial Policy*, i, 304.

²⁷ *Hansard* (1st Ser.), xxxvi, 559. See also *ibid.* xxxviii, 31, as regards water companies.

²⁸ Stat. 6 Geo. IV, cap. 91. Stocks and shares were bought and sold in and about the Royal Exchange till in 1773 the stockbrokers formed themselves into an association.

²⁹ *Hansard* (1st Ser.), xl, 124; xli, 1122.

³⁰ *Ibid.* xxxv, 1036.

³¹ *Ibid.* xxxv, 1051.

³² *Ibid.* xxxvi, 236.

³³ Speech by Marryat in *ibid.* xxix, 836; xxx, 173.

cated a more hopeful outlook. What, he suggested, had British skill and capital to fear with the whole of the New World open to their industry and enterprise, 'when in the whole extent of territory from Cape Horn to Baffin's Bay scarce an individual was to be met who was not clad in British manufacture, or a house to be entered of which the furniture was not composed of British materials' ? ³⁴

It was thought at the time, however, that we should have a severe struggle to maintain our commercial superiority, and that if it was to be done it would have to be by the exertion of increased skill, knowledge and enterprise. It was true that we had produced almost all the inventive genius of the age, for the 18th century perhaps surpassed the 19th as a period of invention and industrial revolution. The incentive essential for invention had not been wanting.³⁵ A greater demand for coal necessitated mining at deeper levels, where the influx of water caused a constant difficulty and the old chain pumps worked by horse or water power were proving ineffective. The application to pumping machinery of the principle of the steam engine, which had been discovered by Savery at the end of the 17th century, was a natural consequence, and about 1712 Thomas Newcomen's steam pump was first used at a coal-pit in Staffordshire. In a similar manner machinery and steam were brought into use in the manufacture of textiles. The improvement in the hand looms in the early part of the 18th century gave a demand for a greater supply of yarn, hence the invention by James Hargreaves, about 1764, of the spinning jenny, whereby many threads could be spun at a time by means of a frame. The water frame, an improvement on Hargreaves' method, was invented by Richard Arkwright a few years later, and in 1779 Samuel Compton devised the 'mule,' a combination of the two former machines, which received universal adoption. As a consequence of these inventions there was a largely increased output of yarn, and it became necessary to cheapen the process of weaving. The fly shuttle, invented by John Kay about 1738, did not come into use till many years later, and the invention of the power loom by Edmund Cartwright, a clergyman, although discovered about 1785, was not adopted until after he had made improvements in 1813.

These machines were at first driven by water power, but difficulties occurred in the cotton manufactories because few of the Lancashire streams were strong enough to give a constant supply of power to a group of mills. James Watt conceived the idea of utilizing steam as a motive power and patented his invention in 1769. In 1775 the celebrated firm of Boulton & Watt was founded at Soho Works, Birmingham, where steam engines were constructed and dispatched to all parts of the world. Steam power was used in 1785 at a cotton mill at Popplewick, in Nottinghamshire, but it was not generally adopted in textile factories till the beginning of the 19th century.

The introduction of machinery had greatly altered the conduct and vastly increased the output of manufactures. The textile industries, the

³⁴ *Hansard* (1st Ser.), xli, 905.

³⁵ Ashley, *Economic Organisation* (1916), 155.

staple trades of the country, were those most affected. The spinners, and later the weavers, who had worked their spinning wheels and hand looms in their cottages and farm-houses and combined their trade with agriculture, could not compete with the manufacturer who used machines run at first by water power and later by steam. The domestic system with its independent family life, usually carried on in rural surroundings, had to give place to the factory system with its congregations of workers in great buildings, which, while water power was in use, were established along the Lancashire rivers and streams, and, after the introduction of the steam engine, in towns, which in consequence soon became thickly populated. It was admitted that the change was inevitable for the progress of the country, and no form of legislation could avoid it. The Luddites and other opponents of the factory system, by whatever name they were known, broke up machines, but they were powerless to resist the relentless advance of invention. Baring, speaking in the House in 1817, confessed that he wished a great deal of the machinery had never been in existence.³⁶ He would have preferred to see each cottage as it formerly was—with a spinning wheel at its door. But machinery, he acknowledged, could not now be rejected, for the effect of such action would be to transplant it to France, and thus cause a permanent injury to our home trade. Some, like the woollen workers of Leeds, desired restraint in the use of machinery, but Brougham, although sympathizing with those thrown out of work, rightly said that such a course would be as impolitic as it was impracticable.³⁷

The woollen industry was for long settled in Norfolk and Suffolk and the West of England, but during the latter part of the 18th century it was gradually transferred to the West Riding of Yorkshire, attracted, it is said, by the large number of small capitalists residing there. The domestic system, or that whereby the operatives worked in their own houses, remained in use longer in the woollen than in other textile trades. When the necessities of the trade, however, prevented its continuance, the hand-loom weavers of Leeds and the district clubbed together to start joint-stock mills in their neighbourhood. The first of these mills was established at Stanningley, near Leeds, about 1814, and the system had largely increased throughout the clothing district of the West Riding by 1844.

Compared with the woollen manufactures the cotton industry was almost of mushroom growth. It was in existence in Lancashire in the early part of the 17th century, when it is said that 'divers people in this kingdom, but chiefly in the county of Lancaster, have found out the trade of making of the fustians, made of a kind of bombast or down, being a fruit of the earth growing upon little shrubs or bushes, brought into this kingdom by the Turkey merchants from Smyrna, Cyprus, Acra and Sydon, but commonly called cotton wool.'³⁸ To the middle of the 18th century the 'cotton

³⁶ *Hansard* (1st Ser.), xxxv, 1053.

³⁷ *Ibid.* 321, 1912.

³⁸ *V.C.H. Lancashire*, ii, 380, quoting London Guildhall Library, vol. Beta, Petitions and Parl. matters, 1620-1, No. 16 (old No. 25).

wool' was brought from south-eastern Europe to London and thence to Lancashire. Very little came from the West Indies until about 1780, and Georgia and other American States did not begin to export the raw material in large quantities till about 1791, their most convenient port of discharge being Liverpool. The extension of the Bridgewater Canal followed the increased import of the raw material and facilitated its distribution and the collection of the manufactured article. The chief centres of the industry were Manchester and other Lancashire towns, Glasgow and Paisley. An offshoot of the cotton manufacture was the calico-printing industry at Blackburn, started by the Peel family about the middle of the 18th century.

Silk weaving was principally carried on at Spitalfields, where it was established by French religious refugees at the end of the 17th century, but there were extensive works at Macclesfield, Coventry and Paisley, and less important in Derbyshire, Essex and Wiltshire. John Lombe introduced from Italy the silk mill for silk throwing by water power, in 1718. It was later developed by his cousin, Thomas Lombe, and caused a considerable increase of trade. At one time silk weaving was a flourishing trade, though much hindered in London by the Spitalfields Acts.³⁹

Linen manufactories had already been established in the north of Ireland to replace the woollen trade which had been suppressed by the English Parliament in 1696. The Government recognized the importance of the Irish linen industry by establishing the Linen Board at Dublin, and making it a yearly allowance of £20,000 for the encouragement of the trade. This allowance continued until 1827, when the Board was dissolved as being no longer required. The principal markets for Irish linen were the South American States, which obtained their goods from depots in the West Indian Islands. South America, however, at one time took an unreasonable prejudice against Irish linens. To meet this objection the Irish merchants imitated the marks on the German linens and sent their goods into the market thus disguised.⁴⁰ To protect the home industries from the large trade in foreign linens, shipped to England and forwarded to South America, a transit duty of 7½ per cent. was imposed on these linens, which was increased to 70 per cent. if the importation was for home consumption.⁴¹ There were not many linen factories in Britain, but the trade was carried on in Yorkshire, about Leeds and Barnsley, and in Scotland during the first half of the 19th century.

England was famed for the manufacture of leather. Some 500,000 men were employed in this trade, and there was a considerable export in boots and shoes during the Napoleonic wars. A Mr. Brunell had established a shoe factory, in which only those who had lost a limb in the service of the country were employed. Like other trades, the leather industry was in a depressed condition after the war, attributable, as the manufacturers said,

³⁹ See below.

⁴⁰ *Hensard* (1st Ser.), xxxiii, 1182-5; xxxvi, 826-7.

⁴¹ *Ibid.* xxxvi, 826-7.

to the leather tax, which, not only in its amount but in the method of its collection by stamping the hides, was a great grievance.⁴²

Our mineral wealth was gradually being explored during the 18th century. Tin from the Devon and Cornish mines had for long been one of the chief products of the country. Copper was worked from the 17th century in the same district, and for a short time in Anglesey, the copper currency being first coined from British metal in 1717. Coal, worked in the Northumberland, Durham and Yorkshire beds, was fast taking the place of wood as a domestic and industrial fuel and for smelting purposes. Iron mining, partly on account of the use of coal for smelting, had been moved from the Sussex fields to the Midlands and North, and during the first twenty years of the 19th century the production of pig iron had doubled. A great impetus was given to all branches of mining by the Napoleonic wars on account of the increased demand for material, the cutting off of foreign supplies, and mostly, perhaps, by the many inventions which facilitated production. The use of the steam engine for winding up the mineral and pumping out the water enabled the mines to be worked at a greater depth. The ventilation of mines had therefore to be considered, and the explosion in the Felling Colliery in Durham prompted the invention and use of Davy's safety lamp in 1816, which enabled the miners to work under conditions hitherto impossible.

Many improvements were effected during the 18th century in the manufacture of iron, and the inventions of Henry Cort in 1783-4 for 'puddling' iron caused a considerable saving in cost and a large increase of output. Benjamin Huntsman's invention for producing crucible steel, made in the middle of the century, had revolutionized the cutlery trade of Sheffield.

The most important of our industries, however, was the shipping trade. During the 16th and early 17th centuries the Dutch had been the maritime carriers of the world, but gradually we became their rivals and eventually their successors. The full benefit of our growing maritime power was secured to us by the Navigation Laws of the latter half of the 17th century.^{42a}

Our mercantile marine had also been largely developed in the early years of the 19th century, owing to the number of prizes taken during the wars and the increase of building after the war; indeed, the number of ships that entered the ports of the United Kingdom in 1820 was more than double that recorded for 1801.⁴³ The size of the ships was also increasing. Our men-of-war were outclassed by the American ships during the war of 1812; we began therefore to build ships of 3,000 tons. The average tonnage of an East Indiaman, which acted both as a merchant ship and man-of-war, at the beginning of the century was about 700 to 1,000 tons and a West Indiaman was of about 300 tons burden. By 1815 ships of 1,500 tons were being built for the Indian trade, and the size was gradually increasing. Difficulties arose with regard to the supply of British-grown timber for ship-

⁴² *Hansard* (1st Ser.), xxxiv, 408.

^{42a} See p. 57 for a full account of the Navigation Laws.

⁴³ *Porter, Progress of the Nation*, 403-4, 408.

building. This and 'excessive charges' were driving the shipbuilding trade from the Thames, which had formerly supplied all the ships for the Indian trade. The East India Company was beginning to build its ships in India and man them by Lascars, which raised the question whether they should be admitted to the British registry.⁴⁴ Canada and the United States, where there was plenty of timber, were also becoming our rivals in shipbuilding.

The whole aspect of the shipping trade was, however, about to become changed by the introduction of steam power. As early as 1788 a two horse-power steam engine had been fitted to a double boat by William Symington, but this was only a model. In 1802 a tug-boat, the *Charlotte Dundas*, was fitted with engines and was successfully used on the Clyde until it was thought that she damaged the banks of the canal. A similar vessel, the *Clermont*, was launched on the Hudson River, in America, in 1807, and in 1812 Henry Bell's *Comet* was used on the Clyde. After this date steam navigation became assured; ⁴⁵ paddle steamers were soon found on the Thames (1814), and within a year or two steam packets were built to carry passengers to Calais and Havre and to run from Holyhead to Dublin (1821). Steam was very soon used as an auxiliary power for ocean-going vessels. The *Savannah* crossed the Atlantic in 1819 in 25 days, and the voyage to Calcutta was made by a steamer in 1825. All these vessels were wooden paddle boats, the screw propeller not coming into use till 1836.⁴⁶ An iron lighter was employed on the Monkland Canal, near Glasgow, in 1818, and an iron steamer ran between London and Paris in 1820, but it was many years before iron superseded wood in shipbuilding.

Marine insurance in the latter part of the 17th century was undertaken by merchants and shipowners who met at a coffee house kept by Edward Lloyd in Tower Street. The association which was later formed migrated to Lombard Street and then to the Royal Exchange, where it grew into the institution now known as Lloyd's for the insurance of ships or against any risks. In the early part of the 19th century there were only two incorporated insurance companies—the Royal Exchange Assurance Company and the London Assurance Company—both of which took marine business. The system of individual security adopted by the underwriters of Lloyd's was, however, preferred for marine risks to that of the security of the incorporated companies.⁴⁷

It was by her sea power that Britain obtained and maintained her vast colonial empire, which now occupies nearly a quarter of the world. The origin of the colonial dominions dates back to the beginning of the 16th century. Shortly after John Cabot had discovered Newfoundland in 1497,

⁴⁴ *Hansard* (1st Ser.), xxxi, 284, 627-49, 885.

⁴⁵ Owing to a serious accident at Norwich, where the boiler of a steam packet exploded in 1817, it was recommended that steamboats should be registered and surveyed by engineers.

⁴⁶ *Hansard* (1st Ser.), xxxvi, 271, 1302.

⁴⁷ *Report of Com. on Marine Insurance*, 1810 (reprinted 1824).

settlements of fishermen and traders were made there and on the neighbouring coasts of America. Other settlements were formed later in the 16th century on the coast of the mainland. The early emigrants, however, were too much imbued with the spirit of adventure to prove good colonists. They expected to make fortunes by buccaneering and the discovery of gold rather than by patient tillage of the soil. Thus the Elizabethan attempts to people the New World were failures, and it was not till the 17th century that efforts at colonization were systematically begun. In 1606 two companies were established for the purpose of colonizing Virginia, the name by which the whole Atlantic coast north of Florida was then known, one company having its head quarters in London to settle Southern Virginia, and the other at Plymouth to colonize Northern Virginia. After the inevitable vicissitudes of early settlements the companies were united and the colony prospered, the first governor being Thomas, third Lord De la Warr, whose name is still commemorated in Delaware Bay and Delaware State in America.

The colonization of the mainland of America continued throughout the 17th century, chiefly by means of joint-stock companies and the speculation of wealthy noblemen and others. Many parts of it became asylums for those who sought religious toleration, such as the 'Pilgrim Fathers' in New England, with a strong Puritan settlement in Massachusetts, Roman Catholics in Maryland and Quakers in New Jersey and Pennsylvania. The great district of the New Netherlands, taken from the Dutch in 1667, was given to the Duke of York, afterwards James II, and renamed after him New York. Maine, New Hampshire, Connecticut and other colonies there were also formed in this century.

The policy of all European powers towards their colonies was one of rigid exclusion from all commercial intercourse outside the mother country. This arose from the practice of treating colonies merely as sources of profit or royal revenue. The supremacy of Britain in America by the conquest of Canada had removed any necessity for protection of the colonies against the French. It engendered a feeling of independence among the colonists, who, as a young and vigorous people, resented any restraint in the management of their affairs by the home government. It was the want of sympathy and lack of the common interests of everyday life, increased by the difficulties of intercourse of the time, that, as it is now recognized, caused the severance of the colonies from the mother country in 1781.^{47a} Although it must be remembered that the American colonies had been peopled largely by those who had grievances against the mother country, which had not been forgotten by their descendants, they were not disloyal up to the imposition of the ill-timed stamp duties in 1765.⁴⁸ Well into the 19th century the United States were the best customers for our manufactures, for it was long before they became a manufacturing country.

Unfortunately the home government did not learn wisdom from the

^{47a} Ashley, *Surv. Historic and Economic*, p. 360. ⁴⁸ Cf. Brougham, *Colonial Policy*, i, 156.

separation of the American colonies. Instead of relaxing the rigidity of their restrictive measures and trying to encourage better feelings between the mother country and her offspring, both political parties were unsympathetic. A few individual members, however, were more far-sighted. In 1826 Col. Torrens pointed out that people at home looked at Canada 'simply as she was now, not with any regard to what she might be, to what she must hereafter attain to in the occupation of a large population of British settlers.' He believed Canada 'offered unbounded prospects of new commerce and new markets for the mother country and that a measure of systematic emigration would have the effect of spreading the British name, the British laws and British influence throughout all climes of the world.'⁴⁹

The colonies which we held before the Peace of 1763 had mostly been given a constitution similar to our own with two houses of assembly, but after the American war the Government were for a long time unwilling to grant any form of autonomy or self-defence, and all legislation and all military forces were provided from the mother country. Hume in 1819 called attention to the absence of houses of assembly in the newly acquired colonies of Ceylon, Mauritius, the Cape of Good Hope and Malta. These were called 'King's Colonies' and were governed by the Crown by orders in council. Their revenues were, he believed, expended in a manner little conducive to the interests of this country. He called for a return of the salaries of civil and military officers on the establishment of these and other colonies, and for information whether their offices were performed personally or by deputy. He asked also for a similar return with regard to the West Indies, North America and Canada from 1792.⁵⁰

The affairs of the colonies, which up to 1802 had been in the hands of the Board of Trade, were at that date transferred to the War Office, and so remained till they were formed into a separate department in 1855. As a consequence of placing the colonies under the War Office the patronage of the Ministry was not always exercised in the best interests of the colony. The post of colonial governor, requiring experience and tact, was frequently given to retired military men who had neither the one nor the other.

Nevertheless the mismanagement of our colonies was far less than that of the continental powers. The misgovernment of the Spanish colonies of South America, Chili, Peru, Venezuela, Mexico, Cuba and the rest was scandalous. These rich and extensive colonies, having the example of the United States before them, began early in the 19th century to throw off allegiance to their mother country. Much against the trade interests of the country, our ministry refused to recognize them as independent states, nor would it permit our traders to traffic directly with them, fearing probably a general repudiation of the principles regarding colonial trade enforced by our navigation laws. Tierney in 1819 said that the ministry might well have looked towards South America as a vent for our trade, 'yet they had not only done nothing but they had done worse than nothing. They had done their

⁴⁹ *Hansard* (New Ser.), xvi. 475.

⁵⁰ *Ibid.* (1st Ser.), xl, 1077 cxli, 355.

utmost to prevent the success of those by whose triumphs we might be benefited, for a bill was now depending calculated to exasperate the whole mass of South Americans' and would throw all the trade of South America into the hands of our rivals. Brougham hoped that arrangements would be made to facilitate our intercourse with the rich markets of Mexico, Brazil and Peru.⁵¹ 'It is the new-fangled, the execrable doctrine of legitimacy, the love of Ferdinand the Seventh that has cut England off from her natural connexion with South America. In the hour of our greatest need we have sacrificed the certainty of relief, nay the brightest prospects of new prosperity, to the antiquated prejudices against colonial independence, the political caprice of making common cause with the mother country in her endeavours to extinguish the new-born liberties of settlements, now, thank God, in spite of Old Spain and of ourselves, almost severed from her tyrannical dominion.' But even 'this bad policy has been pursued in a wavering, 'irresolute and insequent manner.'⁵²

With the 19th century, however, there were signs of a better feeling towards our colonies. The Whigs, obsessed with the dread of militarism, would have preferred their abandonment to the maintenance of an army for their protection. The wisest plan, they argued, would be to declare Canada independent and thereby save the expense of the military force which was stationed there.⁵³ Brougham, although in his early days he had had visions of a great colonial empire,⁵⁴ pursued the same line of argument. 'This cession of territory was an evil in itself,' he said, 'if it were not a parent of a still worse mischief, the increase of the army. It was, however, for Parliament at length to teach the government that if the new settlements could not support their own expenses and provide for their own defence they must be abandoned.'⁵⁵

The Tories, on the other hand, tried to foster the trade of the colonies, but were opposed to any increase of liberty and independence. They placed a duty on Baltic timber to protect the timber trade of Canada and gave a preferential rate for colonial corn. The Hon. Fred. Robinson deplored the loss of colonies given up after the war; we had supplied other countries with the produce derived from them, coffee, sugar, etc., which in future, according to the practice of colonial trade, would no longer pass through Britain but through the countries to which we had surrendered them.

It was for the clear-headed Huskisson to appreciate the future of our colonial empire. 'Consider,' he said, 'the possibility of another set of provinces emancipated from commercial thralldom but firmly maintaining their political connexion—their commercial marine a part of our commercial marine—their seamen a part of our seamen—their population a part of our strength. Consider whether it be not worth while to attempt a course which promises both to those provinces and to the mother country all the commercial benefits of a free trade together with all the political advantages of our continuing parts of one great empire and enjoying alike, under the sway and

⁵¹ *Hansard* (1st Ser.), xxxiii, 1103.

⁵² *Ibid.* xxxv, 1028.

⁵³ Lord Nugent and Curwen in *Hansard* (1st Ser.), xxxiii, 1218, 1222.

⁵⁴ *Colonial Policy*, i.

⁵⁵ *Hansard*, (1st Ser.), xxxv, 118.

protection of the same sovereign, all the rights and privileges of British subjects.' ⁵⁶

Although never considered a part of our colonial empire, Ireland had been treated more or less as a colony from the 16th century. About 1556 the Earl of Sussex tried to colonize Leinster. A similar attempt was made by the Earl of Essex in 1573, who with the assistance of Queen Elizabeth endeavoured to settle Antrim with English, and in 1586 Sir John Perrot, formerly president of Munster, sought to place 'gentlemen undertakers' on large plots of land in Munster that they might bring over English farmers to settle the district. None of these plantations, as they were termed, were successful, and it was not till Sir Arthur Chichester in 1611 started the Plantation of Ulster and established a vigorous colony in the north that the system met with any success. Later, during the Commonwealth, there was a further attempt to people Ireland by selling wide districts to 'undertakers' or 'adventurers' who were to settle them with English, but again the project proved unsuccessful. The same feeling of proprietorship which hampered the development of the colonies restricted the trade and prosperity of Ireland. But Ireland was not to be treated like a new country, and its inhabitants, both the recent settlers and native Irish, resented interference. The latter, according to their custom, nursed their grievances so that at any opportunity the flame of rebellion burst forth. Throughout the 18th century the country was in a state of turmoil and discontent. Lawless bands called Whiteboys, from the white shirts their members wore, the Levellers, who levelled the hedges of the new inclosures, among the Roman Catholics, and Oakboys and Hearts of Steel among the Protestants, roamed over the country committing outrages. Later, the Society of United Irishmen and the Orange Lodges followed similar tactics. In 1778 the Irish Protestants raised companies of volunteers, numbering some 50,000, to ward off a threatened French invasion, for the Roman Catholics were not permitted to arm. The volunteers, feeling their strength, met at Dungannon in 1782 under Henry Grattan and made a declaration of independence in which the British government acquiesced.

By the declaration they asserted, among other things, that a claim of any body of men, other than the King, Lords and Commons of Ireland, to make laws to bind the Kingdom of Ireland was unconstitutional, illegal and a grievance; that the Irish ports should be open to all foreign countries not at war with the King; and that the power exercised by the Privy Council of both Kingdoms under Poynings' law, whereby the Irish Parliament was forbidden to pass any Acts not approved by the Privy Council, was unconstitutional and a grievance. Later a resolution, also introduced by Grattan, was passed stating 'that as men and as Irishmen, as Christians and as Protestants, we rejoice in the relaxation of the penal laws against our Roman Catholic fellow subjects and that we conceive the measure to be fraught with the happiest consequences to the union and the prosperity of

⁵⁶ *Hansard* (New Ser.), xii, 1097-1128.

the inhabitants of Ireland.' ⁵⁷ The declaration, however, had little effect; the Irish Parliament sitting at Dublin, from which Roman Catholics were debarred, remained, as it had always been, subservient to Britain, but by intrigue rather than by law. The acrimonious disputes over the Catholic Relief Bill led to the rebellion of 1798 organized by the United Irishmen. Thus Pitt came to the conclusion that the only means of bringing peace to Ireland was to unite it to England, and every means was used to win over the members of the Irish Parliament for that purpose.

In 1800 the Act of Union was carried. The terms of the Act abolished the Irish Parliament, and in future Irish members were to sit in the Parliament of the United Kingdom; the trade of Ireland and that of Great Britain were placed on the same footing; Ireland was to contribute two-seventeenths of the revenue of the United Kingdom and the debts of each country were to be kept separate. The Act was modified by the union of the British and Irish Exchequers in 1816, an act of necessity owing to the almost bankrupt condition of Ireland if she were called upon to pay her fair share of the burden of the war.⁵⁸

Partly owing to the union and partly in consequence of the better communications and the withdrawal of trade restrictions between Great Britain and Ireland, there was an improvement in trade in Ireland at the beginning of the 19th century. During the first twenty-five years of that century the imports from Great Britain to Ireland had more than doubled and the exports from Ireland to Great Britain, consisting chiefly of grain, live stock and provisions, had nearly trebled. Hence it was thought that Pitt's policy towards Ireland was going to bring peace and prosperity to that much disturbed island.

⁵⁷ Lecky, *Hist. of Ireland in the 18th Century*, ii, 283-4.

⁵⁸ D'Alton, *Hist. of Ireland*; Lecky, *Hist. of Ireland in 19th Century*; C. G. Walpole, *Kingdom of Ireland*.

CHAPTER II

EFFECTS OF WAR

(1815 to 1820)

THE Peace of 1815 opened a new era not only to this country but to the whole world. After a century of almost continuous war, a permanent peace seemed to have been assured by the banishment to St. Helena of the principal disturber of Europe during the latter part of that period. The Napoleonic struggles had presented the difficulties which were common to all our European wars. We were ready with an invincible navy, but unprepared with an army, and when forces had been collected they were at first dissipated on unproductive expeditions. Invasion of this country was threatened, but found impracticable owing to the strength of our navy. Rebellion instigated by our enemies broke out in Ireland, but attempts to stir up disaffection in India failed. An ineffectual blockade of our islands was declared by our enemies, while the blockade which we were well able to maintain against them was hampered by numerous licences from the Privy Council to neutral traders. The country had always been a refuge for foreigners, but conspiracies by aliens compelled us to pass the Aliens Acts of 1793 and 1802. An insular want of appreciation of the importance of passing events made the British public slow to move, but, the danger once realized, the characteristic perseverance of the people carried them through to victory. It has been truly said with regard to this period that 'the British are found at their best and summon their highest resources at times of emergency under the pressure of danger and in the necessity of self-defence. They appear averse to thinking out deliberate and systematic schemes of policy, and shrink from the arduous and painful processes of organization for remote ends.'¹

The wars had brought out the genius of Nelson, Wellington and the younger Pitt. The two former do not concern our present review, but Pitt was the outstanding figure in the political world during an epoch-making time. It had been one of the greatest objects of his policy to make this country 'the emporium of commerce,' and with that object in view he had advised the formation of those wet docks and warehouses which were so well calculated for the furtherance of his ideas.² His administration is constantly referred to in subsequent Parliaments as giving precedents on points of policy particularly as to trade and finance.³ On the resignation of Pitt in 1801, Henry Addington, his successor, concluded the Treaty of Amiens,

¹ The Hon. Alfred Lyttelton in speech made in 1910 (*British Dominions* [ed. Ashley], 4).

² Speech by Marryat in 1816 (*Hansard* [New Ser.], xxxiii, 1186).

³ *Ibid.* xxxv, 111, 1034.

which gave this country a short spell of peace. But when war with France again broke out in 1803 the feebleness of Addington's administration brought Pitt back to power. On the death of Pitt in 1806 he was succeeded by Earl Grenville with a coalition of 'All the Talents.' Grenville's administration only lasted a year, and in 1807 there began the series of Tory ministries which continued for twenty-three years. The administrations of the Duke of Portland and Spencer Perceval, which followed that of Grenville, were fully occupied by the prosecution of the war and internal political squabbles. On the murder of Perceval in 1812 Robert Banks Jenkinson, second Earl of Liverpool, began his long premiership. He was a man of sound common sense, caution, and tact, but without brilliancy; in manner he was 'polite, calm, and unassuming, grave if not cold.' During his thirteen years' membership of the House of Commons he often came under the notice of Pitt, who made him master of the mint, and he later served as foreign minister during the administration of Addington. He was created Lord Hawkesbury in 1803, a title he had borne by courtesy since his father had been raised to the peerage in 1796. In 1804 as home secretary he became leader of the House of Lords. He was what was termed a moderate or liberal Tory, and chose his ministers from the nobility and landed gentry holding his views.

Few of the ministers took prominent part in the economic discussions of the day, but of those who did the most remarkable was the younger Sir Robert Peel. His family had for long been landowners in Lancashire and had amassed considerable wealth from large cotton mills and calico-printing works. Like the rest of his family he was a hard-working, progressive and benevolent man, 'the most liberal of Conservatives and most conservative of Liberals,' as Guizot later described him. As a strong upholder of law and order he established in 1829, when home secretary, the police force called after him 'Peelers' or 'Bobbies,' and as an ardent sympathizer with the hardships of the working classes he brought forward various schemes for the amelioration of their condition. In 1812 Peel, at the age of twenty-five, was made chief secretary for Ireland, and six years later he returned to England to settle one of the most difficult financial problems the country has had to face.

Next to Peel in point of interest was William Huskisson, who, though less polished in person and speech, was equally hard-working, painstaking and thorough. At the Board of Trade he proved himself a practical and tactful statesman. Though a bad debater, his speeches were carefully prepared and always contained much sound common sense. Nicholas Vansittart, son of a rich Indian merchant of Dutch extraction, held the office of chancellor of the Exchequer for twelve years, and was succeeded by the Hon. Frederick Robinson, afterwards Earl of Ripon, who came from the Board of Trade. Both of these ministers were wanting in initiative and resolution, and allowed themselves to drift into a policy of expedients which were frequently contrary to their declared convictions.

In the upper house, where the Whigs had a strong following, much interest was taken in trade and finance. The Earl of Lauderdale and Lord Grenville were experts on these subjects, and the Duke of Sussex, the Duke of Bedford, Earl Grosvenor, and others had given them considerable attention. Earl Stanhope—'citizen Stanhope,' as he was called—often expressed advanced views on social questions.

The Whig party in the Commons included many capable debaters, particularly on the subject of finance. George Tierney, its somewhat ill-chosen leader, was a sarcastic and irritable man, but a good financier and a strong opponent of Pitt's policy. Probably the most able member of the Whig party in the lower house was Henry Peter Brougham, later Lord Brougham, a lawyer and son of a Scottish minister. His independence brought him into conflict with both parties and his criticisms carried his studies into many fields of research. He had an immense capacity for work and his speeches must have entailed an enormous amount of preparation. He will be best remembered, perhaps, for his efforts to improve the educational facilities of the country, through what is called the Brougham Committee of 1818. Amongst others also were Francis Horner, a brilliant young lawyer, who sat as chairman of the Bullion Committee in 1810; Alexander Baring, afterwards Lord Ashburton, a banker and financier; Edward Ellice, the elder, later deputy governor of the Hudson's Bay Company; David Ricardo, a stockbroker, and a well-known student and writer on political economy; Joseph Hume, originally a medical man, who agitated for the repeal of the combination laws and eventually became leader of the Radical party; John Calcraft, who later joined the Tory party; and Peter Moore, celebrated as the last wearer of a pigtail in London Society. These men and others formed the younger school of Whigs who were breaking away from the old exclusive circle of their party, and most of whom were soon to take the name of Liberal or Radical and to become the party of reform.

The Tories felt themselves so strongly established in both Houses that the debates were left to the official members of the party and to the opposition. The unofficial Tory consequently contented himself by merely attending the divisions unless he had some special cause to advocate, like the gentle and attractive William Wilberforce, who devoted his life to the cause of the abolition of slavery; George Rose, the intimate friend of Pitt, who was responsible for the establishment of savings banks; and Sir Robert Peel the elder, who introduced the early factory acts.

Politics, however, were then more flexible than was permitted by the later rigidity of party spirit. Members were more independent, having little fear of being called to account by their constituents. Although they attached themselves to the one party or the other, they frequently accepted individually the views of their opponents even in matters involving principles, such as the Corn Laws, income tax, and finance, and still more so in points of detail.

The subject which at first mainly absorbed the attention of the House on

the completion of peace in 1815 was the Corn Laws. Export duties on corn had for a long time been levied, but in 1670 the first of a series of Corn Laws imposed a duty on imported grain. Under this and subsequent Acts 'standard prices' were from time to time fixed, at and below which the importation of corn was either forbidden or a prohibitive import duty upon it was levied. As the price of corn advanced beyond these prices so the duty decreased. In 1804 an Act was passed raising the standard price to 63s. a quarter, up to which an import duty of 24s. 3d. was payable; from this price to 66s. the duty dropped to 2s. 6d., but over 66s. the duty fell to only 6d. A bounty on exported corn of 5s. a quarter was continued from a previous Act, when the price was under 48s., but exportation was wholly forbidden after the price reached 54s. Owing to the difficulties in the importation of foreign corn by reason of the war and to a series of bad harvests, the market price from 1804 to 1813 never fell below 66s.; consequently corn was imported under the nominal duty of 6d. a quarter while its exportation was altogether prohibited. From 1809 to 1814 the annual average price of wheat did not fall below 92s. 5d. per quarter, and in 1812 it reached 122s. 8d.⁴

This state of affairs brought about a period of great prosperity to the landowners and farmers, and rents went up rapidly. The landowners, said Charles Barclay, member for Sussex County, not satisfied with the high prices of corn during so many years of war, had in all instances doubled their rents and in many cases had trebled them.⁵ Alexander Baring, member for Taunton, acknowledged that he was receiving an income of £1,200 for an estate which formerly let for only £600.⁶ Joseph Marryat, member for Sandwich, had a small estate in Sussex which eighteen years previously yielded £300 in rent and now let for £850,⁷ and other similar instances were quoted.⁸ The demand for food led to the cultivation of land which was unsuitable for the growth of cereals. With the anticipation of peace in 1813 and peace itself in 1814 the Baltic and French ports and other sources of our foreign corn supply were opened and an increased amount of foreign corn was imported, added to which there was a succession of good harvests. The effect of peace, therefore, was to bring down the price of wheat from 122s. 8d. to an average price of 65s. 7d. The agriculturists had not apparently seen any limit to a continuance of high prices and had consequently made no preparation for peace. They had extended the areas of their farms at greatly increased rents and borrowed money for improvement of their lands. Owing to the demand for labour their wage bills were also much higher. Landowners found it difficult to collect their rents and the wages of agricultural labourers fell; besides which prosperity had engendered extravagant habits. 'Formerly a farmer thought it a high luxury if he was able to enjoy his ale; but now on entering their houses you were not only treated with a bottle of port, but sometimes even with madeira. The sons of these wealthy agriculturists were all fine gentlemen; instead of

⁴ Porter, *Progress of the Nation* (ed. 1847), 146.

⁵ *Hansard* (1st Ser.), xxix, 1054.

⁶ *Ibid.* 830.

⁷ *Ibid.* 826.

⁸ *Ibid.* xxix, 1016. See also Petition of Inhabitants of Westminster, *ibid.* xxx, 110.

following the plough, they were following the hounds, and the daughters instead of milking the cows were using cosmetics to their hands, that they might look delicate while strumming on the harpsichord.'⁹

In 1814 the condition of agriculture was much discussed in Parliament, and a Bill was passed permitting free exportation of corn. In February 1815 the Government took up the question of the agricultural condition of the country as a matter of urgency, and the Hon. Frederick Robinson, vice-president of the Board of Trade, introduced a Bill on the subject in the House of Commons. He referred to the danger of continental supplies being cut off and to the impossibility of our reliance on foreign importation. The government measure proposed that the importation of corn, meal and flour should be prohibited till the price was over 80s. a quarter, but when that was reached importation should be free. To encourage the infant trade from our North American Colonies the importations from them were to be duty free after the price had reached 67s.¹⁰ The government party contended that the only alternative they had to consider was whether the country should depend upon a foreign supply or raise its own corn,¹¹ and urged that any injury to agriculture would be felt by no class of the community more severely than by the merchants and manufacturers. Half the population were engaged in agriculture, and it was asked what would be their condition were things to remain unaltered.¹² The claims of Ireland were strongly pressed and Lord King asserted some ten years later that the famous Corn Bill of 1815 was not a Cabinet measure but was got up by Irish jobbers seconded by jobbers of both England and Scotland.¹³ The population of Ireland, it was shown by the vice-president of the Board of Trade, was agricultural and had no capital to invest in manufactures. It depended upon England to take its surplus produce which it grew for sale. Millions of barrels of grain, said Sir Frederick Flood, member for Wexford, were perishing in barns in Ireland for want of sale because the foreign arrivals swallowed up everything.¹⁴ Ireland was capable of supplying a superfluity of grain and was therefore entitled to a preferential protection.¹⁵ Others asserted that the agricultural depression in Ireland was hampering all trade there, and consequently the demand for British and colonial manufactures had proportionately decreased.¹⁶

The opposition to the Bill was very severe. The tables of both Houses of Parliament were loaded with petitions from every part of the country, though mainly from the manufacturing districts, against further or in fact any restriction on importation. The House of Commons had to sit especially early at the beginning of March in order to receive the large number of petitions,¹⁷ and complaints were made of the hurry in which the Bill was carried through, whereby some towns were unable to express themselves on

⁹ *Hansard* (1st Ser.), xxxiii, 1086.

¹⁰ *Ibid.* xxix, 800.

¹¹ *Ibid.* xxix, 1075.

¹² *Ibid.* 833.

¹³ *Ibid.* xvi, 18.

¹⁴ *Ibid.* xxix, 803.

¹⁵ *Ibid.* 825.

¹⁶ *Ibid.* xxx, 53.

¹⁷ *Ibid.* 6.

the subject.¹⁸ The opposition advocated free trade. The price of provisions, said Phillipps,¹⁹ member for Leicester County, must ultimately regulate wages, and as provisions cost less in France labour was cheaper. We must not delude ourselves, he said, with the notion that because our manufactures had hitherto been superior in some respects, that superiority would be easily maintained. Our advantage had been principally in our superior capital and establishments and in the disciplined industry of our workmen. But capital did not exclusively belong to this country. France had made a great advance during the war in the cotton industry. The contest between French and British manufactures was only beginning, and he believed it would be a severe one. If we artificially raised the price of provisions we should raise the price of labour and so assist our rivals. He could not conceive that the richest country in the world, having the greatest variety of the best and cheapest commodities to offer, could be starved if it did not produce sufficiency of corn for its subsistence.¹⁹ As to the Irish farmers, the contention was that they ought to be able to grow their corn at less cost than the English,²⁰ for their taxes were much lower, they had no poor rates, no land tax, no property tax, and three men could be paid with the same sum that would be given to one man in England.²¹ Besides which the fertility of their soil enabled them to grow more corn than they consumed and their geographical position was peculiarly favourable to the transport of their superabundant produce to this country.²²

The general tendency of the numerous petitions presented to Parliament was to show that the middle and labouring classes had been struggling under heavy difficulties and patiently and loyally suffering privations in the hope that peace would lighten their burden, but if the Bill were passed the petitioners saw no deliverance from their distress. There was a similarity about the forms of the petitions which suggests a common origin, and it appears to have been a practice at this time in matters of general interest for petitions to be drafted in London and sent down to the provinces for signature.

A petition of the inhabitants of Westminster illustrates the feeling of one section of society. It recites that on the return of peace it was hoped that the rent of land and the price of provisions would be reduced and commerce would flow in its accustomed channels. But the Corn Bill would produce an increase in the price of bread for the sake of enabling the proprietors and cultivators of land to maintain undiminished a splendid and luxurious style of living unknown to their fathers in which they were tempted to indulge during the late war (so highly profitable to them and so calamitous to most of their fellow subjects). Whenever the produce of all the land which can be cultivated at a moderate expense is found insufficient for the support of a greatly increased manufacturing population it is wiser to import from countries where it can be grown at a low price, sending our manufactures in exchange, than to diminish the national capital and increase the price of

¹⁸ *Hansard* (1st Ser.), xxx, 9.

¹⁹ *Ibid.* xxix, 813; xxx, 3, 8.

²⁰ *Ibid.* xxx, 6.

²¹ *Ibid.* 1016.

²² *Ibid.* 803.

bread in attempting to force it from barren spots at home by an enormously expensive mode of cultivation. The Bill would be a powerful inducement to emigration and would eventually be a bar to the prosperity of the landed interest itself.

The Bill was finally passed in the Lords on 20 March 1815, but the new Act did not put a stop to the agricultural depression nor stay the party controversy on the subject. No sooner was it passed than the House was flooded with petitions for its repeal.

In the following year (1816) depression of trade and the consequent distress were matters of discussion both in the interest of the manufacturer and in that of the agriculturist ; prices were falling, wages decreasing and employment was scarce. In Cambridgeshire strong, healthy single men who were capable of the greatest labour received only 8*d.* a day. Whole parishes had become deserted, and paupers were travelling from parish to parish.²³ There was a general depression throughout the country, including Scotland and Ireland.

In his speech at the opening of Parliament on 1 February 1816 the Prince Regent said that he was happy to inform Parliament that the manufactures, commerce and revenues of the country were in a flourishing condition. This statement was immediately challenged by the Whig members, who declared that the depression of trade and the distress of the country were appalling. Charles Callis Western, member for Maldon in Essex, and later Lord Western, perhaps the chief authority on agriculture in the House, opened a debate on the depressed state of agriculture on 7 March and proposed fourteen resolutions to the House, mainly dealing with the duties on corn and other agricultural products and the warehousing of foreign grain. He asserted that, although two or three years previously agriculture was in a flourishing condition, the national distress was now unexampled, thousands had been ruined and destruction seemed to impend over the property of all those whose capital was engaged in the cultivation of the soil. He suggested that a redundant supply was the principal cause of these evils, but no doubt the loss of the war demand had had some effect on the condition of agriculture. He was also opposed to the warehousing of foreign corn free of duty, which according to him prevented the storage of home-grown corn to equalize the supply of good and bad harvests, and urged additional import duties on rapeseed, linseed, mustard, carraway, canary and clover seed, butter, tallow and cheese, the importation of which had largely increased.²⁴ He was followed by Frankland Lewis, who attributed the agricultural distress to the withdrawal from circulation of notes issued by country banks and to the fall in the price of wheat. Besides the purely financial remedy regarding the currency he recommended that for the assistance of the agriculturist all Acts against the exportation of wool should be repealed, particularly that of Elizabeth under which any person convicted of exporting wool was liable to a year's imprison-

²³ *Hansard* (1st Ser.), xxxiii, 670.

²⁴ *Ibid.* 31.

ment and to have his left hand cut off and nailed up in a conspicuous part of the nearest market town.²⁵

Brougham traced our difficulties to the beginning of hostilities with France in 1793. War then produced a short stagnation in our trade and agriculture, which was soon removed by our military successes and the extension of our colonial possessions. The crippled resources of our enemies at the same time almost immediately increased our commerce and led to a sudden extension of our manufacturing industry and wealth, and a proportionate improvement in agriculture. Owing to the scarcity of wheat during the last few years of the 18th century, prices rose and a large quantity of land was brought into cultivation that had never before known the plough and could not with prudence be tilled. This led to 'an over-trading in 'agriculture,' and in 1812-14, when the increased cultivation was being felt, there was a series of bad harvests scarcely before known. General commercial distress soon began to prevail. The Bank of England limited its discounts and its issue of paper currency, and country banks followed to a much greater degree. Those who had been improving their farms on borrowed capital found their borrowed capital withdrawn, and when 'the fall 'of produce' made it difficult for them to pay the interest, they were suddenly called upon for the principal. Their situation was one which no prudence could have avoided, because it was the result of events that no sagacity could have foreseen. The cost of farming also had enormously increased since 1792, for the price of labour had risen, women servants' wages had increased owing to the unwillingness of farmers' wives and daughters to work as they used to do before the war, tradesmen's charges had risen by reason of taxation, and the burden of maintaining the poor was thrown on the land. He approved of the Corn Bill except with regard to the bounties on exportation and the proposal to stop warehousing of foreign corn. He further advocated measures for facilitating intercourse with the rich markets of Mexico, Brazil and Peru, which he hoped would soon be able to shake off the yoke of their mother country.²⁶

A great part of the session was occupied in both Houses by debates and reports of committees as to the state of the nation. In the House of Lords the Duke of Bedford brought forward a motion to consider the great cost of the civil and military establishments, supplies, internal distress and the state of Ireland. He alleged that agriculture had become so unprofitable that in many places tenants could not be obtained. Farmers were imprisoned for debt, and the poorer classes, being unable to procure subsistence in a lawful way, became poachers and robbers of farmyards. Many of the beneficed clergy also were in the state of utmost distress owing to the farmers being unable to pay their tithes.²⁷ The distress in Ireland was as great if not greater than that in Britain. The Earl of Bathurst replied that to refer the

²⁵ *Hansard* (1st Ser.), xxx, 57, 700. This is taken from two speeches to the same effect by Frankland Lewis.

²⁶ *Ibid.* xxxiii, 1086.

²⁷ *Ibid.* 14, 158.

consideration of all our foreign relations and all our domestic concerns to a committee of inquiry could produce no practical good, and the motion was lost.²⁸

Various schemes were introduced to assist the farmers and relieve the agricultural distress. A committee was appointed to consider the duties on linseed, clover and other seeds, tobacco and wool. It reported against any measures being taken with regard to the supply of these seeds, as they would be likely to affect the manufacturing and commercial relations of the country. The committee, however, was in favour of the removal of the duties now levied on imported rape and linseed cake, both of which formed excellent manure for corn lands.²⁹ It appears that a duty laid upon rape seed, to benefit the growers, induced the Dutch to lay an export duty on rape-seed cake, so that the farmers of Norfolk, Suffolk and of the light soils of Yorkshire were unable to obtain it at a price they could afford.³⁰ As to tobacco, it was considered that neither the soil nor the climate of the country was adapted to its growth, and the difficulty in collecting the duty would be such as to make it unadvisable to make any alteration in the existing law.³¹ A considerable discussion followed as to the possibility of encouraging the growth of tobacco. It was contended that a prohibitive duty of 40s. a rod on land growing tobacco imposed by the Act of 12 Charles I., and later increased to £10 a rod was for the protection of our late American colonies of Maryland, Virginia and Georgia, but as these were now foreign countries and we had only a small amount of land under tobacco cultivation in what had been until before the war Dutch colonies, there was no longer any need to protect them.³² We were in fact only giving encouragement to American farmers. The high duties were not effectual, for the penalties imposed in 1782 on one farm in Yorkshire alone for the growth of tobacco were no less than £36,000, and the justices were empowered to pluck up all tobacco plants.³³ We might at least compete with Holland and Sweden in cultivating tobacco.³⁴

With regard to the wool trade, the oldest and most important industry of England, the committee failed adequately to report. In 1647 an Act was passed, and continued in force till 1825, strictly prohibiting all exportation of wool. The object of this restriction was to retain in this country the long staple or combing wool, and so secure the exclusive manufacture of certain fabrics which required this material, for there was said to be something peculiar in the quality of English wool that could not be obtained elsewhere which enabled us to retain the monopoly of the woollen trade of the world.³⁵ As a result of peace, particularly of the peace with America, an unprecedented quantity of manufactured woollen goods was exported in 1815, and to meet the increased manufacture a very large quantity of raw wool was imported in 1814-15. This created a serious grievance for the British wool grower, the price of whose produce was kept down or, as he claimed, lowered by

²⁸ *Hansard* (1st Ser.), xxxiii, 165, 172.

²⁹ *Ibid.* xxxiv, 579.

³⁰ *Ibid.* xxxviii, 32.

³¹ *Ibid.* xxxiv, 579.

³² *Ibid.* xxxiii, 700.

³³ *Ibid.* 705.

³⁴ *Ibid.* xxxiv, 779.

³⁵ *Ibid.* 783.

importation, while he was prohibited from obtaining a better price in foreign markets. The free export of wool, it was generally objected, would ruin the manufacturer, whose main prop was the monopoly of the home market, and of this the woollen manufacturer could not be deprived by repealing the prohibitory statutes on the export of wool. The proportion of woollens which we exported was small in comparison with what we consumed at home. The greatest part of our exports went to the United States and Portugal, Germany was still a considerable customer, but France and Spain, Sweden and Denmark consumed but little, and Russia was entirely shut against us. Our hold on the United States market arose because the Americans traded on very long credit, which we were peculiarly able to give them from our superior and accumulated capital. Comparison could be made with silk and cotton manufactures, both flourishing trades in which we were wholly dependent upon importation of the raw material. Frankland Lewis, chairman of the select committee, advocated the repeal of the laws against exportation and a small duty on imported wool.³⁶ The manufacturers became alarmed, and apparently brought pressure to bear on Parliament, and as it was shown that for the last ten years the price of wool, so far from decreasing, had increased, and as no part of the agricultural distress arose from the inadequacy of those prices, it was considered that it was not expedient to make any alteration in the laws relating to woollen goods and trade in wool.³⁷

Walter Burrell, member for Sussex, became the advocate for the wool growers, and returned to the subject in 1817³⁸ and 1818. In the latter year he asked for a select committee to inquire into the restraint of the wool trade, and argued that as the woollen manufactures were in a state of rapid improvement he had a right to ask for the repeal of the prohibition on exportation, particularly as wool was the only produce placed under such an interdict. The long wools of Lincolnshire and Leicestershire had sunk in price in consequence of the quantity of foreign wool imported, and the foreign grower, not being burdened with poor rates, was able to undersell the English grower. The House, however, thought there was no sufficient reason for any alteration, and the inquiry was refused. It was shown that the price of wool had increased since 1816 from 1s. 6d. to 2s. a pound, and it was contended that it would be unwise to allow the exportation of the species of wool contemplated, as it would enable the foreign manufacturers to furnish goods equal in quality to those produced in England.³⁹

Distress which began with the agriculturist soon spread to the manufacturer. Depression in manufactures had been indicated by many members of Parliament, and petitions were presented from various industrial interests, praying for relief from some particular duty which oppressed them in the time of peculiar adversity. Except for a few isolated distur-

³⁶ Mr. Frankland Lewis's speech 24 May, 1816, in *ibid.* 780.

³⁷ *Hansard* (1st Ser.), xxxiv, 80, 81.

³⁸ *Ibid.* xxxvi, 94.

³⁹ *Ibid.* xxxviii, 32.

bances⁴⁰ the agricultural labourers, compared with the manufacturing classes, were patient and law-abiding, the circumstances of their distress were not so acute, and their mode of living scattered in country districts did not easily conduce to combined action.

During the war we had a monopoly of the commerce of nearly the whole world. Workmen then received high wages, for which the masters repaid themselves by high prices obtained from foreign parts. On the return to peace, however, we came into competition with the manufacturers of every nation on the Continent, and our warehouses became stocked with commodities for which no market could be found. As a result prices fell and wages were reduced till they became a pittance insufficient for the support of the worker. Manufactures, it was argued, were cheapest where labour could be procured at the lowest rate. The only means of bringing down the price of labour was to reduce taxation, and this could be best accomplished by paying off a considerable portion of the national debt.⁴¹

The effect of all wars is to lead capital into new channels, and so to throw the industrial conditions of a country into confusion. The Napoleonic wars had given rise to an unnatural prosperity, and their conclusion, which caused a sudden interruption of that prosperity, was bound to create temporary distress, especially in a community so complicated as England. It was impossible that the recovery would be so rapid as in the case of former wars; firstly, from the longer duration of the Napoleonic wars; secondly, from their enormous expense; and lastly, from their having affected a much larger part of the population and capital of the country than previous wars.⁴² The home trade, the substantial groundwork of national industry, was said to be at a standstill. Shops were everywhere empty and tradesmen's books covered with debts on which not 1 per cent. could be collected.⁴³ We had for a long time the almost exclusive supply of the foreign market, but this was now cut off or at least checked by the poverty of those whom we before supplied. The commodities which they formerly consumed were now returned upon our own home market, which was already glutted by the quantity on hand.⁴⁴ During the first two years of peace, as Lord Liverpool declared, our trade and manufactures were never so extensive, and one cause of the depression was the immense exportation, and the consequent glutting of foreign markets was largely the cause of the present distress.⁴⁵

Brougham confirmed this view. The peace of 1814, he said, suddenly opened the continental markets and a rage for exporting goods of every kind burst forth. Everything that could be shipped was sent off; all the capital that could be laid hold of was embarked. Clerks, labourers and menial servants invested their savings; persons went round tempting them to adventure in the trade to Holland, Germany and the Baltic. But the

⁴⁰ See *Isle of Ely* in *Hansard* (1st Ser.), xxxiv, 787.

⁴¹ Speech by Marryat, *ibid.* xli, 1228.

⁴² See speeches by Horner, *ibid.* xxxii, 53; Hon. Fred. Robinson, *ibid.* xxxv, 1048.

⁴³ Speech by Brougham, *ibid.* xxxii, 37.

⁴⁴ Speech by C. Grant, jun., *ibid.* xxxv, 1060.

⁴⁵ *Ibid.* 570.

bubble soon burst like its predecessors of the South Sea, the Mississippi and Buenos Aires. English goods were selling for much less in Holland and in the north of Europe than in London and Manchester or lying without any sale. Peace with America had the same effect, but the Americans could pay, while the exhausted state of the Continent rendered any payment unlikely. It was also well worth while to incur a loss upon the first exportation in order to glut the market and thus stifle in the cradle those rising manufactures in the United States which the war had forced into existence contrary to the natural course of things.⁴⁶

The trades which were dependent upon the war inevitably felt the transition from war to peace. In this manner the distress among the miners, iron manufacturers and armourers⁴⁷ of Staffordshire, the army tailors⁴⁸ and shoemakers,⁴⁹ and the mechanics of Birmingham could be accounted for. The last lamented in a petition their forlorn and miserable situation, many of them having been without any kind of employment for several months, and few with more than two or three days' work in a week on reduced wages.⁵⁰ It was stated that during the war 3,000,000 small arms had been manufactured there for the use of the allies, independently of those provided for our own supply; the sudden stoppage of this work would naturally cause a dislocation of trade and much distress.⁵¹ Besides this, since 1804 the Board of Ordnance had established their own manufactories for small arms, at first at Adam Street, near the Tower, and afterwards at Lewisham.⁵² But the distress was not confined to trades such as these—'a general calamity had fallen upon the whole nation and crushed the happiness of all.'

On 13 March 1817 Brougham, in a masterly speech delivered in Parliament, gave a review of the commercial and industrial condition of the country since the war. He first pointed out that it was necessary to investigate the cause of distress and then endeavour to supply a cure. The war had caused prodigious changes throughout the greater part of the world, and it therefore became absolutely necessary to enter upon a careful but fearless revision of our whole commercial system in order that 'we may be enabled safely yet promptly to eradicate those vices which the lapse of time has occasioned or displayed; to retrace our steps where we shall find that they have deviated from the line of true policy; to adjust and accommodate our laws to the alteration of circumstances; to abandon many prejudices alike antiquated and senseless, unsuited to the advanced age in which we live and unworthy of the sound judgement of the nation.' He began his review by dealing with the shipping industry. He declared that there had been a falling off of 826,000 tons, or nearly 5,000 vessels, in 1816, the first whole year of peace, from the number entered in the previous year. He ventured to assert that a more considerable decrease would be found in the importation of 1816 than the mere lessening of the tonnage indicated.

⁴⁶ *Ibid.* xxxiii, 1086. Some eighteen million pounds' worth of goods are said to have been exported to America in one year, of which nearly sixteen million went through Liverpool alone.

⁴⁷ *Hansard* (1st Ser.), xxxv, 1049.

⁴⁸ *Ibid.* 1050.

⁴⁹ *Ibid.* xxxiv, 408.

⁵⁰ *Ibid.* xxxvi, 21.

⁵¹ *Ibid.* 27.

⁵² *Ibid.* xxxiv, 1077.

The clothing trade was not so depressed as many others because, among other reasons, the foreign markets were not overstocked and some large contracts for foreign governments had greatly assisted it. Yet of those employed in the clothing districts about Leeds, Huddersfield, Wakefield and Halifax a third were idle, and of the two-thirds that remained in work only two men in nine had full employment. The distress was not so heavy elsewhere in Yorkshire, but in the west of England it exceeded anything which could easily be conceived.

The outlook for the iron trade was most gloomy. Taking the Birmingham district as a fair sample of this industry, out of a population of 84,000 souls about 27,500 received parish relief. One third of the workpeople were wholly out of employment and the rest were only on half time. The poor rates had risen to between £50,000 and £60,000 a year, a sum exceeding what was paid in income tax. He divided the people engaged in the iron trade into four great classes. First, the miners, who in 1810 received from 18s. to 42s. a week, now got from 10s. to 18s.; secondly, those engaged in the manufacture of arms, who had received exorbitant wages on account of the demand occasioned by the war, now received only 7s. 6d. when they could get any employment at all; thirdly, the nailers, who were better off than most classes, earned no more than 8s. or 9s. instead of 12s. or 15s.; while the common artificers, the fourth class, were working at a shilling a day. In all these classes the women and children, who together used to earn as much as the able workmen, were then wholly unemployed.

Turning to the cotton manufacture, which was divided into the branches of spinning and weaving, the number of weavers employed since the introduction of machinery was beyond all comparison greater than that of the spinners.⁵³ In Lancashire and the adjoining district there were half a million persons who derived their support from weaving. Taking the average gains of a thousand weavers of all ages and classes, their earnings were 13s. 3d. a week in May 1800, and rose in 1802 to 13s. 10d. In 1806 they had fallen to 10s. 6d., and in 1808, 'after it had pleased the wisdom of government to retaliate upon the enemy the evils of his own injustice,' as Brougham expressed the declaration by England of the blockade of the Channel from Brest to the Elbe, they fell as low as 6s. 7d. In 1812 they were at 6s. 4d., falling in 1816, the third year of peace, to 5s. 2d., and in January 1817 they had reached the fearful point of 4s. 3½d., 'from which, when the usual expenses paid by the workpeople for the loom are deducted, there remained no more than 3s. 3d. to support human life for seven days.'⁵⁴ With this sum these miserable beings could barely purchase half a pound of oatmeal daily, which mixed with a little salt and water constituted their

⁵³ Brougham probably refers here to hand-loom weavers, who had some twenty years of prosperity, because the application of power to spinning made yarn cheap. It was about 1812 that the power loom began to be effectively introduced.

⁵⁴ Bennet in 1819 gave the wages of cotton weavers at Glasgow in 1803 at 25s., in 1816 as 10s., and then as 5s. or 5s. 6d. At Paisley there were three classes of weavers. The first class received 6s., the second class 2s. 6d., and the third class nothing (*Hansard*, [1st Ser.], xli, 892).

whole food. As a result of their condition they were compelled first to part 'with all their trifling property piecemeal, from the little furniture of their cottages to the very bedding and clothes that used to cover them from the weather. They struggle on with hunger and go to sleep at nightfall upon the calculation that if they worked an hour or two later they might indeed earn three halfpence more, one of which must be paid for a candle, but then the clear gain of a penny would be too dearly bought and leave them less able to work the next day.'

Brougham insisted also on the great discontent excited throughout the country by the introduction of new machinery. Formerly the labour thrown out of employment by the introduction of machinery had been absorbed by other trades, but now the case was widely different. The petitions which night after night were presented to the House by thousands and tens of thousands complaining of machinery testified that when workmen were flung out of one employment they could not find another ready to receive them. Additional mechanical power in the weaving trade was likely to throw many others out of work.⁵⁵

Such a condition of universal distress could not do otherwise than lead to general discontent, and discontent naturally produced sedition, more particularly among artisan populations living under unhealthy conditions. Riots had occurred at Spa Fields in Bermondsey, Merthyr Tydfil, Dundee, Glasgow and elsewhere, and the Prince Regent had been mobbed. Attention was called to the dangerous condition of the nation in the Prince Regent's Speech at the opening of Parliament and in the debate which followed. Canning made an impassioned speech, in the course of which he said :—

'I cannot, I will not join with those who despair of the fortunes of their country. Great, I admit, is the exhaustion and severe, I lament it, is the distress; the enemies of England again send forth their terrible prophesyings and pronounce her to be lost to herself and to the world. False prophets may they prove, false prophets they will prove. The stamina of the nation, I am persuaded, are unbroken; the heart, I am confident, is sound. . . . I cannot, I will not believe that the brilliant destinies of England are closed for ever.

"Think you yon sanguine cloud,
Raised by war's breath, has quenched the orb of day?
To-morrow he repairs the golden flood
And warms the nations with redoubled ray."

To wait with patience for the turn of these unprosperous times; to bear and to forbear, to endeavour to restore what Lord Clarendon, I think, somewhere calls the ancient good temper and good humour of the British nation; to abstain from hazardous innovations and experiments; to probe with a tender hand real grievances with a view to practical remedy; to cherish the institutions and to foster the resources of the country: this is the course which Parliament has to pursue and which pursued through this session, painful and laborious as it may be, will, I have no doubt, enable us to look back with self-congratulation at the gloomy phantoms by which we are now discouraged and appalled.'⁵⁶

⁵⁵ *Hansard* (1st Ser.), xxxv, 1005 *et seq.*

⁵⁶ *Ibid.* 135.

Special messages were sent to each House by the Prince Regent in February 1817, and these, with the accompanying information, were referred to committees of secrecy. The committees of both Houses reported to the effect that there was evidence of a conspiracy to overthrow the established government, the laws and constitution of the kingdom. A revolution was being organized by means of societies and clubs established in all parts of Great Britain under pretence of parliamentary reform and the advocacy of universal suffrage and annual Parliaments. The societies specially indicated were the Hampden Clubs and Union Clubs, both ostensibly formed to promote reform in Parliament, and a society called the Spencean Philanthropists, which disclaimed parliamentary reform as unworthy of its attention, its object being 'a parochial partnership in land on the principle that the landowners are not proprietors in chief, that they are but the stewards of the public, that the land is the people's farm; that landed monopoly is contrary to the spirit of Christianity and destructive of the independence and morality of mankind.'⁵⁷ These societies were to be found principally in the neighbourhood of Leicester, Loughborough, Nottingham, Mansfield, Derby, Chesterfield, Sheffield, Blackburn, Manchester, Birmingham, Norwich, and Glasgow.⁵⁸ So far as we can judge from the material available the clubs referred to were not of a particularly dangerous character and the conclusions of the committees were scarcely warranted by the evidence before them. There is no doubt that the ministers feared a repetition of the French Revolution, which was still vividly impressed on their memories. The badges and flags of the Spa Fields rioters were those of the French Revolutionaries,⁵⁹ and the matter is constantly referred to by the government supporters. 'Since the French Revolution,' said Lord Sidmouth, 'there has been a spirit abroad in the country seeking to ally itself with every cause of national difficulty and distress. During the war it had been incessantly busied not in aggravating our defeats, for we had known none, but in denying our victories and misrepresenting them as the triumphs of our enemies. On the arrival of peace its activity had been redoubled, and while the people were suffering under a heavier pressure of distress than had been felt perhaps at any former period it had employed itself in exaggerating calamity and fomenting discontent.'⁶⁰

As a result of the recommendations of the Committees there was hurried through both Houses a Bill for the suspension of the Habeas Corpus Act, or, as it was correctly termed, a Bill to empower His Majesty to secure and detain such persons as His Majesty shall suspect are conspiring against his person and government. Although perhaps the evidence taken by the Secret Committees scarcely justified so drastic a measure, yet it was probably well known to the government that seditious doctrines were being disseminated through the manufacturing districts and eagerly discussed by the unemployed and starving operatives. Disaffection seems to have settled round Manchester,

⁵⁷ *Hansard* (1st Ser.), xxxv, 416; see also *ibid.* 131. Thomas Spence (1750-1814), a bookseller of Newcastle-on-Tyne, was a visionary writer (*ibid.* 81, 438, 1083). See Leslie Stephen, *The English Utilitarians*, ii, 259.

⁵⁸ *Hansard* (1st Ser.), xxxv, 411, 438.

⁵⁹ *Ibid.*

⁶⁰ *Ibid.* 551.

where during March there were meetings for the purpose of petitioning against the suspension of the Habeas Corpus Act. Boastful and seditious speeches were made at these meetings ; one man avowed he was a republican and a leveller and would not give up the cause till a republican form of government was established. Eventually it was arranged that there should be a march from Manchester to London by a selected body of about 5,000 persons who should present a petition to Parliament. Those selected were to provide themselves with blankets, shoes, and knapsacks ; hence they were called ' Blanketeers.' The march was started, but was soon broken up and some of the ringleaders arrested. A general insurrection, it was thought, had been intended, but it was fortunately avoided and matters quieted down.⁶¹

Having disposed of the Habeas Corpus Suspension Bill, Parliament was able to debate the question of remedial measures. Of these the principal brought forward were Relief, Reform, Retrenchment, and Free Trade. The first was attempted by a resolution presented by the Chancellor of the Exchequer to advance £500,000 to commissioners to carry out and complete public works such as canals, bridges, roads, etc., in England, and £250,000 for a like purpose in Ireland. The money was to be raised by Exchequer Bills at $3\frac{1}{4}$ per cent., payable in three years, and to be allotted to corporations for the employment of the labouring classes.⁶² The fund was increased to a million, and, though possibly it was not wholly used for the relief of the poor, advantage was taken of it by municipalities to carry out public works.⁶³

Reform of Parliament, it was thought by the distressed manufacturing classes, would go a long way to relieve their troubles. The Houses of Parliament were flooded with petitions for universal suffrage and annual or triennial Parliaments. The statements in some of these petitions were so derogatory to the members that they were rejected, while others contained amazing assertions, such as that from the borough of Boston, maintaining that the annals of the country showed that for more than a thousand years before the Revolution annual Parliaments were a part of the constitution of England,⁶⁴ or, again, that annual Parliaments were the birthright of the people.⁶⁵

The government of the country was at the beginning of the 19th century essentially aristocratic and chiefly represented the landed interest. Speaking generally, in the country constituencies the electors were landowners and the members the sons of the nobility or leading county gentry. In the boroughs the electors were traders and manufacturers and the members were landowners, merchants or lawyers. The middle class was only partially represented and the artisan and labouring classes were nominally unrepresented. Nevertheless the interests of the working classes were often the subject of discussion and their right to petition either House was frequently exercised.

⁶¹ *Hansard* (1st Ser.), xxxvi, 949.

⁶² *Ibid.* xxxv, 1311 ; xxxvi, 27, 32, 40, 43.

⁶³ *Smart, op. cit.* 563, 629.

⁶⁴ *Hansard* (1st Ser.), xxxv, 506.

⁶⁵ *Ibid.* 162.

The system, however, could not be said to achieve its purpose while Birmingham and Sheffield were denied representation and Grampound returned two members and while the whole number of electors bore so small a proportion to the total population.⁶⁶ The whole system was further vitiated by recognized methods of corruption. Seats were openly bought and sold and a pocket borough was considered one of the amenities attached to an estate. Notwithstanding these defects it is remarkable that so many able men held seats in the two Houses. The debates, both in matter and manner, compare favourably with those of a later date; there was less waste of time and the speeches were more carefully prepared.

The proposals of the extreme reformers were universal suffrage and yearly Parliaments. Brougham, who was a moderate reformer, suggested that only those who paid direct taxes should have the franchise. The idea of yearly Parliaments was generally held to be impracticable. 'When I am told,' said Canning, 'that the House of Commons is not sufficiently identified with the people, to catch their every nascent wish and to act upon their every transient impression—that it is not the immediate passive unreasoning organ of popular volition—I answer thank God it is not. I answer that according to no principle of our constitution was it ever meant to be so; and that it never pretended to be so nor ever can pretend to be so without bringing ruin and misery upon the Kingdom.'⁶⁷ Although the matter of reform was very fully discussed nothing was done then nor in 1819 when Sir Francis Burdett, member for Westminster,⁶⁸ brought it up again, and parliamentary reform had to wait some fifteen years before it received attention.

Retrenchment is always difficult to face, particularly in affairs of state. There was much discontent about the large number of useless offices maintained as sinecures for the reward of ministers, favourites, political wire-pullers and others; about the pensions and allowances granted to the numerous royal dukes; but above all about the continued cost in peace time of our military establishments. This evil, however, was too deeply rooted to be dealt with in a hurry. The navy and army could not be reduced; in the civil service the salaries of some of the clerks were lowered⁶⁹ and a committee was appointed to inquire as to retrenchments in the civil departments, but it carried so little weight that it was nicknamed the 'humbug committee.'⁷⁰ The Sinecure Offices Bill was passed in the Commons, and although strongly advocated in the Lords by Earl Grosvenor and others was there thrown out.⁷¹ The only result of the agitation was that the Marquess Camden voluntarily relinquished the profits of his various sinecure offices in February 1817.⁷²

The last and principal remedy of the Whig party for the distress of the time was free trade. Brougham, one of its principal exponents, argued that want of employment was driving capital out of the country. Foreign loans were being negotiated in London because capital abroad fetched nearly

⁶⁶ *Hansard* (1st Ser.), xxv, 143; Goldwin Smith, *United Kingdom*, ii, 320.

⁶⁷ *Hansard* (1st Ser.), xxxv, 131.

⁶⁹ *Ibid.* xxxv, 139.

⁷¹ *Ibid.* xxxvi, 128.

⁶⁸ *Ibid.* xl, 1439; xli, 307, 1091.

⁷⁰ *Ibid.* 327.

⁷² *Ibid.* xxxv, 324.

double the interest of the funds at home and much more than double that paid on our floating debt. The unfavourable rate of exchange, he thought, was proof that the unnatural state of our trade was the immediate result of forced exportation with scarcely any importation in return. Thus, in order to remit the produce of sales made in parts of the Continent from whence nothing was imported there was a demand for bills, fictitious drawing was resorted to, until the pound sterling was raised to a height above par, favourable to those spending money abroad but useless to the trader who could buy nothing there to sell again in this country.⁷³ It had been a maxim that too much can hardly be done to discourage importations of all kinds and from all countries. The grand motto 'all trade and no barter; all selling and no buying; all for money and nothing for goods' was still maintained though discredited.⁷⁴ Brougham further dwelt on the direct effects of protection. He contended that of the four staple trades of the Baltic, hemp, tallow, iron and timber, we had cut off the last two to encourage our iron miners and the colonists of Canada, and as a consequence prejudiced our shipping. We had thereby destroyed an excellent nursery for seamen and shut off the export of from four to five hundred thousand pounds' worth of our manufactures yearly to Norwegians who were unable to make payment otherwise than with the iron and timber formerly exported. 'Instead of leaving the adventurers in mines to their fate, suffering them to thrive if they could by their natural resources, we encouraged them by extraordinary stimulants in a pursuit which sound policy would rather have discouraged; a precarious gambling and upon the whole a losing concern to the country.'⁷⁵ Similar conclusions are drawn from the protective duties against foreign copper, butter, cheese, wines, linens and other commodities. He argued that the increase in duties did not add to the revenue. He gave sugar as an example in which both the trade and revenue suffered by the great increase of duty in 1803. The like results had occurred with regard to glass and wine. On the other hand, when Pitt in 1784 lowered the duty on tea from 56 to 12 per cent. the revenue rose immediately. The collection of duties caused delay and inconvenience and could not be carried out without vexation.

The Hon. Frederick Robinson, replying for the Government, laid stress on the infinite difficulty and danger there was in extricating ourselves from a system which had been in force for a hundred years. He had never heard the general principle of unrestricted trade denied, but he never could get the individual trader to allow that the general principle ought to be applied to his case. It was true in a considerable degree that the prohibitory system operated to produce the present distress of the country, because it prevented the beneficial effects of commercial arrangements with foreign powers. With regard to an argument of Brougham that after the war we ought to have made conditions with continental nations favourable to our commerce and manufactures, no concessions extorted in that manner could possibly be binding. Could we imagine that Holland and the Netherlands would

⁷³ *Hansard* (1st Ser.), xxxv, 1015.

⁷⁴ *Ibid.* 1018-19.

⁷⁵ *Ibid.* 1020.

remain quiet under an arrangement exclusively beneficial to us? It was hopeless to expect concession unless we could induce the manufacturers of this country to consent to our giving to foreign states the same facilities which they gave us. We could not have made our assistance to foreign powers dependent on concessions to our trade, 'we should have been no longer acting a disinterested part—no longer able to hold the tone we were enabled to hold and we should have laid ourselves open to reproaches far from honourable to us as a nation.' It was open to doubt whether commercial treaties were beneficial, but he was sure they never could be beneficial where the advantages were not reciprocal, and he agreed that our restrictive policy had a bad effect on our commerce, though the Corn Bill, as an overwhelming necessity, had set general principles at defiance. Directly a proposal was made to take off a duty on any commodity, he argued, there was an outcry by the manufacturers whose trade it affected. His effigy had been burnt in half the towns in the north of Ireland when he tried to take the duty off foreign linens; when he suggested taking the export duty off small coals the glass manufacturers said that it would cause the foreign glass makers to undersell and ruin them, and so on.⁷⁶

On the other hand the merchants were petitioning for protective tariffs. The traders in cotton piece goods, for instance, said that the unrestricted exportation of cotton yarn was encouraging foreign manufacturers at the expense of our own.⁷⁷

In the early part of 1817 there were indications of an improvement in trade. Lord Castlereagh predicted an early demand for labour and consequently a rise in wages. He did not think that wages would rise so high as before, and he was convinced that the excessively high wages which had prevailed in the manufactories during the flourishing period did not contribute to the morals, health or happiness of the people. They were apt to engender habits of extravagance and irregularity and to operate against temperance and economy. 'If the present calamity did nothing else but correct the disposition thus fostered and strengthened it would effect an ultimate benefit.'⁷⁸

The improvement in trade continued through the latter part of 1817. At first it affected the woollen and cotton manufactories, and employment in these trades was much improved.⁷⁹ Foreign markets were gradually becoming available to us.

At the opening of Parliament in January 1818 there was general congratulation on the increase of trade and the state of peace and tranquillity to which the country had been restored. In the debate upon the Prince Regent's speech Windham Quin, afterwards Earl of Dunraven, stated that the improvement of the revenue during the previous six months had been considerable and appeared to be permanent, and that the volume of trade

⁷⁶ *Hansard* (1st Ser.), xxxv, 1050.

⁷⁷ *Ibid.* xxxvi, 235.

⁷⁸ *Ibid.* xxxv, 1069.

⁷⁹ *Ibid.* 1061, 1064, 1066. The harvests of 1816 and 1817 were both deficient, and sent up the price of wheat, and although there were large importations the agriculturist benefited.

had been greater than the most sanguine could have ventured to hope for. With the improvement of trade wages had advanced. Last year the fires were extinguished in most of the iron works; now they were in full activity, and the price of iron had risen from £8 or £9 to about £14 a ton. The demand for linen, the staple industry of the north of Ireland, was unprecedented both as to quantity and price. The funds had risen from 63 to 80 and money was more abundant. There was a return of confidence among all classes, and the feeling now prevailed that the worst was past and everything would continue to improve.⁸⁰ As a result of the improvement in trade the suspension of the Habeas Corpus Act was repealed.

The Houses of Parliament for a brief space had time to consider social and industrial reforms. The first matter to engage their attention was the condition of the cotton factories. This raised the question of the doctrine of free labour in its relation to factory legislation.⁸¹ In 1802 Sir Robert Peel had brought in the Apprenticeship Bill,⁸² for regulating the hours of apprentices and providing for their proper clothing, education and lodging. Peel as a manufacturer had employed a thousand such apprentices and felt the necessity of some regulation with respect to them. This Act was beneficial for a time, but the cotton trade had quite changed since then, its business had been transferred from the country to large towns, where, the population being numerous, manufacturers were no longer under the necessity of receiving children as apprentices.⁸³ Ten times the number of children were employed, none of whom were bound by articles and consequently had no claim to the protection of their masters in case of illness or accident. The hours of labour in the factories where there were no apprentices were not less than fourteen or fifteen⁸⁴ out of the twenty-four, in heated rooms very trying to the strength of children and injurious to their constitutions. A bill to regulate the labour of these children was introduced into the Commons in 1815, but withdrawn for further evidence. In the following year Sir Robert Peel obtained the appointment of a committee to inquire into the condition of children in cotton factories,⁸⁵ which reported that children as young as six years were engaged in factories for as long as fifteen hours.

On 10 February a petition from the cotton spinners of Manchester was presented by Sir Robert Peel. The petitioners claimed protection as adults. They were 'aware,' they stated, 'that the attainment of the object of their petition must be attended with a reduction of their wages, but, anxious for health and in order to enjoy some of the comforts of life, they were willing to submit to that sacrifice.' The petitioners had to work in rooms badly ventilated and much overheated; they were compelled to work fourteen or fifteen hours a day, which young persons might endure, but which after men had attained a certain age became intolerable.

⁸⁰ *Hansard* (1st Ser.), xxxvii, 25

⁸¹ *Ibid.* xxxi, 24; Stat. 56 Geo. III, cap. 139.

⁸² Stat. 42 Geo. III, cap. 73.

⁸³ *Hansard* (1st Ser.), xxxviii, 342.

⁸⁴ *Ibid.* xxxvii, 559; xxxviii, 343.

⁸⁵ *Ibid.* xxxiii, 884.

Premature old age and incurable disease were often the consequence. The petitioners asked that the hours might be reduced to ten and a half a day,⁸⁶ with half an hour for breakfast and an hour for dinner. The principle of 'free contract,' called in question by this petition, was maintained by the political economists of the day and by Sir Robert Peel himself.⁸⁷ Any action in the direction desired by the petitioners was for the moment prevented, though it is clear from the petitions and debates that there was a strong party which advocated factory regulations for adults as well as for children.⁸⁸ John Christian Curwen, member for Cumberland, on the other hand, argued that if the hours were reduced to ten and a half the next prayer would be for nine hours; and if the principle were once adopted in the case of cotton spinners there was not a trade in the Kingdom that would not desire the same interference and the same reduction. He believed that the masters, if left to themselves, would shortly reduce the hours to twelve.⁸⁹

If the condition of the factory children alone was to be ameliorated there would have to be two shifts of children to one of adults. Peel, a cotton manufacturer himself, saw the practical difficulty of such a scheme, and eventually became convinced that the better plan would be to shorten the working hours of both children and adults. Probably he was partly induced to change his opinion by the experience obtained at Robert Owen's factory at New Lanark, where the operatives only worked for ten and a half hours and, as it was claimed, did as much work as those who worked two hours longer elsewhere.⁹⁰

A further Bill drafted by Robert Owen, and introduced by Peel in February 1818, provided that no children under nine years of age should be admitted to cotton factories, and that they should be subject to the provisions of the Act till they reached sixteen years. Their hours of labour should be restricted to twelve and a half, out of which one and a half hours should be allowed for meals. Numerous petitions were presented, on the one hand by the masters, who deprecated parliamentary interference in view of the good state of health, morals and instruction of the operatives, and on the other by workmen and others,⁹¹ who urged the adoption of the Bill. It was suggested by Kirkman Finlay, member for Glasgow, that the Bill should be extended to children engaged in all factories, for the same evils prevailed in the silk factories and the potteries.⁹²

The arguments in opposition to the Bill turned mainly on the question of free labour. Lord Stanley considered the principles of free labour inviolable by the laws of the land. In this case interference was particularly objectionable, as the operatives were themselves either adults or the children of adults who were on the spot to watch over their interests. Interference produced combinations destructive to the happiness and morals as well as to the existence of the working classes, and ruinous to our manu-

⁸⁶ *Hansard* (1st Ser.), xxxvii. 1261. ⁸⁷ *Ibid.* 581. ⁸⁸ *Ibid.* 559, 1182, 1188.

⁸⁹ *Ibid.* 1261; see also speech by Phillpotts in *ibid.* xxxviii, 365.

⁹⁰ *Ibid.* xxxvii, 582.

⁹¹ *Ibid.* 440.

⁹² *Ibid.* 1262.

factures.⁹³ When the Bill went to the Lords the Earl of Liverpool supported it, contending that to have free labour there must be free agency, and children were not free agents. The Earl of Lauderdale, however, gave it his uncompromising opposition and secured its withdrawal for further information.⁹⁴ At the beginning of the next session fresh petitions were presented in favour of the Bill, which was reintroduced. The same points were again urged and the Bill was passed. The main effect of the Act was the prohibition of child labour under nine years of age.

Another measure for the protection of children was the Chimney Sweepers Bill, which prohibited the employment of children under fourteen years of age. In the discussion on the Bill it appeared that in some of the houses recently built in London the chimneys were but seven inches square, so that only children of four or five years old could be employed in sweeping them.⁹⁵ The Bill was withdrawn that experiments might be tried in the use of mechanical appliances,⁹⁶ but early in 1819 a fresh Bill was introduced into the Commons, which, however, was thrown out in the Lords.⁹⁷

In the same way as the Cotton Factory Bill raised the question of free contract and free labour, so the Bill for the better regulation of persons employed in the silk manufacture in Great Britain introduced the question of trade combinations,⁹⁸ out of which originated trade unions. It appears that in 1816, owing to the distress among the ribbon and silk weavers of Coventry, the master manufacturers agreed to pay their operatives by the piece instead of a weekly wage. The agreement, however, was not of long duration, as one after another the masters disregarded it until it was entirely ignored.⁹⁹ The operatives petitioned Parliament in February 1818 that 'they might be enabled to settle the rate of their wages among themselves,'¹⁰⁰ and in May 1819 Peter Moore, member for Coventry, presented a further petition and moved for leave to bring in a Bill to carry the terms of the petitions into effect. The debate showed that wages had fallen very heavily among the silk weavers of Coventry. The operatives were divided into five classes, each working ninety-six hours a week or sixteen hours a day. The first class, composed of skilled workmen aided by machinery which was their own property, received 10s. a week or 2½d. an hour; the second class, 5s. 6d. a week; the third class, 2s. 9d.; and the two remaining classes, 2s. and 1s. 6d. a week. As a consequence the funds of their friendly societies and savings banks were exhausted. It was contended that these rates of wages could not be maintained except by the aid of the poor rates. Great opposition to the Bill, however, arose on account of its antagonism to the principle

⁹³ Speech by Mr. Phillipps in *Hansard* (1st Ser.), xxxviii, 364; see also similar arguments in 1816, *ibid.* xxxiv, 1.

⁹⁴ *Hansard* (1st Ser.), xxxviii, 1252.

⁹⁵ *Ibid.* xxxvii, 507.

⁹⁶ *Ibid.* xxxix, 426.

⁹⁷ *Ibid.* xxxix, 981; xl, 668. Legislation was again introduced in 1834, and in 1840 the employment of chimney climbers was restricted to those over twenty-one years of age. See Stat. 28 Geo. III, cap. 48; 4 & 5 Will. IV, cap. 35; 3 & 4 Vict., cap. 85: *Hansard* (3rd Ser.), xxiv, 418.

⁹⁸ The Combinations Act was passed in 1799 to suppress and make illegal clubs and associations of workmen.

⁹⁹ *Hansard* (1st Ser.), xl, 337.

¹⁰⁰ *Ibid.* xxxvii, 396.

that wages ought not to be settled by any other means than by the natural demand for labour, and on this account it was withdrawn.¹

Probably as a result of this debate Hume presented a petition for inquiry into the working of the Combination Laws. The petitioners complained that the laws against combinations of workmen largely deprived them of a just remuneration of their labours, which could only be secured by combination, and had substituted universal distrust, jealousy and oppression. In proportion as combinations had been more or less perfect and permanent, so had been the amount of remuneration they received for their labour, thus making the well-being of a very large portion of the people depend upon an absolute breach of the laws. All laws, the petitioners contended, which interfered with the wages of labour were injurious to the general prosperity of the country, of vast and continually increasing injury to the working man and of no advantage to his employer. They were further a source of constant hatred, litigation and oppression among those whose real interest it was that mutual good understanding should at all times prevail. The petition received a certain amount of support, but the time was not considered convenient for the repeal of the Combination Laws, which remained in force for some seven years longer.² Notwithstanding the continuance of the Acts, skilled workmen were combining in various trades. The Derbyshire stocking makers and the bricklayers of certain districts made agreements with the employers with regard to wages, though unskilled labour does not seem to have been able to combine.³

It was felt, however, that none of these remedial measures could be considered until the finances of the country had been put upon a proper basis. Owing to the continual drain of specie, always suffered by a country at war, the reserve of the Bank of England in 1797 had become dangerously low. Pitt hurriedly procured an Order in Council, which was confirmed later by the Bank Restriction Act, whereby the Bank was prohibited from issuing cash except in sums under one pound. The Act, which in effect established an inconvertible currency of bank notes, was renewed from time to time, and in 1804 it was continued till six months after the ratification of peace. But the peace of 1814 only brought another renewal of the restriction till March in the following year, and, although both political parties had expressed a desire for its repeal and the government had repeatedly promised to repeal it, the Act was continued till 1816, then to 1818 and again to 1819. Ministers rightly argued that the restriction had saved the country and enabled it to pull through the war,⁴ but their assertion that there was no marked difference between the value of the note⁵ and that of the coin it represented was hotly disputed. They fortified their position

¹ *Hansard* (1st Ser.), xxxvii, 347.

² *Ibid.* xl, 1290.

³ *V.C.H. Derby*, ii, 369; Webb, *Hist. of Trade Unionism*, 74-9. See further as to Combination Laws in Chap. III.

⁴ *Hansard* (1st Ser.), xxxiii, 1120. For text of Order in Council see Gilbart, *Banking* (ed. Sykes), i, 46.

⁵ *Hansard* (1st Ser.), xxxviii, 925; xli, 909.

by a resolution of Parliament passed in 1814 that the promissory notes of the Bank of England were equivalent to the legal coin of the realm and later by issuing a prohibition against giving more for coin than for notes. As Pascoe Grenfell, member for Great Marlow, however, afterwards pointed out, no sooner was the resolution passed than it became necessary to add four or five shillings to the pound note in order to obtain a guinea in exchange for it.⁶ One party, including some of the ministry, considered that, as the notes were issued at the fixed mint price for gold of £3 17s. 10½d. an ounce, resumption of cash payments could not be made till the market price of gold was reduced to this sum, otherwise the coin would be melted down for exportation as bullion as fast as it was issued from the Bank.⁷ Others held that the depreciation of the notes was due to their inconvertibility and the over-issue of them in 1808.⁸ No doubt all these conditions had an influence on the paper currency, and it was claimed that there was some relation between the fall in the value of notes and the rise in the market price of gold. Before the retreat of the French army from Russia at the close of 1812 the market price of gold bullion was £5 12s. an ounce, and the depreciation of the paper currency was reckoned at 30 per cent.; when, however, the allies entered Paris in March 1814 the price of gold fell to £4 6s. 6d., the depreciation in paper money being then reckoned at 10 per cent. The price of gold rose again to £5 7s. after Napoleon's escape from Elba, a year later, at which time the depreciation of notes was taken to be 27 per cent., but after the battle of Waterloo on 18 June 1815 the price fell, and from July 1816 till July 1817 it fluctuated between £3 18s. and £3 19s. 6d.⁹

In January 1817 an experiment was made towards cash payment by an offer of the Bank to give cash for notes issued before 1816. The experiment proved entirely satisfactory; the public evinced no preference for metallic currency over paper, made no rush for payment and the price of gold did not go up. As a result of this preliminary trial the Bank, in October following, undertook to pay cash for all notes issued before 1817. This was a severer test and necessitated a large accumulation of specie which sent up the market price of gold to £4 0s. 6d.¹⁰ The internal condition of the country would have presented no danger to further resumption, as there existed little disposition on the part of the public to call for cash. Confidence was possibly inspired by an increased issue of notes both by the Bank of England and country banks.¹¹ External difficulties, however, occurred which had not been reckoned on. The governments of most European countries were trying to substitute a metallic for a paper currency, and their supply of gold and silver had been diminished owing to the disturbed condition of the Spanish colonies in South America, then the chief sources of the supply of

⁶ *Hansard* (1st Ser.), xxxix, 150.

⁷ *Ibid.* xxx, 85. But see Tooke, *Hist. of Prices*, ii, 33, 34, 65, 117.

⁸ Lauderdale, *The Depreciation of Paper Currency*, 176-7, etc.

⁹ Lauderdale, *On Currency* (1818), 20.

¹⁰ *Hansard* (1st Ser.), xl, 201.

¹¹ This increase brought about an immense amount of forgery (*Ibid.* xxxviii, 272).

these metals.¹² France was negotiating a loan in London for about £5,000,000 sterling, and there was a still larger loan in view.¹³ Gold was being carried abroad to pay for the corn imported to make up the deficiencies of the last two harvests here, and considerable sums were sent to the large number of English residents on the Continent, including the officers of the English army in France. All these circumstances made a heavy and dangerous drain on the reserves of gold in this country. Under the notice of October 1817 the Bank was called upon to pay in gold a sum of not less than £2,600,000¹⁴ for its notes, and this was increased by January 1819 to £5,200,000.¹⁵ Nearly the whole of this gold was remitted abroad, and it was stated that of £5,000,000 sterling then issued by the French mint three-quarters were struck from English coins.¹⁶ There was hardly an European country which did not want money, and all of them were offering higher interest than could be obtained here. Russia was paying 10 to 15 per cent., and France and America were offering high rates; ¹⁷ the English capitalist could not therefore be expected to resist the temptation of sending his money abroad notwithstanding the drain of gold from this country which his action entailed.

Early in 1819 committees were appointed by both Houses to inquire into the question of the resumption of cash payments. The younger Peel, (chairman of the Commons Committee), then only thirty-one years old, made a preliminary report on 5 April and brought in a Bill to restrain the Bank of England from making further payments in cash. He maintained that the depletion of the Bank's gold by payments in cash had been so heavy as to become a danger and that it would postpone any general scheme of resumption. The Bill was carried through the Commons and passed in the Lords ¹⁸ on the following day.

Having dealt with the immediate difficulty, it was the duty of Parliament to prepare for a lasting settlement of finance. Lord Liverpool took the country into his confidence. It was proper, he said, to take a full view of our financial situation, and the country was entitled to say, 'Do not take half-measures, make the inquiry about to be instituted effectual and adopt a general and permanent system.'

It was seen that to adopt a scheme of immediate cash payments would necessitate the collection by the Bank of a large sum of gold. This would naturally send up the price of bullion and so defeat the object the ministry had in view. A Bill was therefore brought into Parliament generally known as Peel's Act, which was based on the recommendations of the Committee. By this Act a progressive return to cash payments was provided, firstly by payments in bullion at different prices and at several successive periods beginning on 1 February 1820, and secondly by payments in cash beginning

¹² *Hansard* (1st Ser.), xli, 167.

¹⁵ *Ibid.* xxxix, 1399.

¹⁷ *Ibid.* xxxix, 381.

¹³ *Ibid.* xxxvii, 1230.

¹⁶ *Ibid.* xl, 152.

¹⁴ *Ibid.* 1232.

As to these foreign loans, see further in Tooke, *Hist. of Prices*, ii, 94, 95.

¹⁸ *Ibid.* 1422.

on 1 May 1823.¹⁹ The criticisms of the government policy were made by such financial experts as Grenfell, Brougham, Lauderdale and others. Like Robinson on the question of tariffs, Vansittart, the Chancellor of the Exchequer, felt that the arguments of his opponents with regard to the question of restriction were theoretically right but the difficulties of the situation made them impracticable. The complaint of the opposition was that the ministry had permitted the Bank of England to obtain too great an influence over their policy. Although the government had huge deposits at the Bank upon which no interest was received, they were from time to time obtaining loans upon which, with one exception, they paid interest at the rate of 3 or 4 per cent. Consequently the country was paying large sums in interest for the use of its own money besides paying the Bank for the management of the unredeemed public debt.²⁰ The issue of notes was enormously profitable to the Bank, and was consequently encouraged.²¹ Although this increase of currency facilitated loans at a low rate of interest,²² yet, it was contended, it raised the prices of all commodities, disturbed the value of all property, and by leading to inordinate speculation and over-trading shook the commercial credit of the country. The Bank, becoming alarmed at the commercial distress which followed, limited its discounts and issues of paper by about £3,000,000, and the country banks did the same to a greater degree. Thus money lent for trade speculations was recalled and merchants had to sell at a loss. Lord Hamilton,²³ amongst others, urged the reduction of paper currency before any resumption of cash payments was made, but instead of this an increased amount was issued.

The same charges of the over-issue of notes were brought, and with more apparent justice, against the country banks. By the law as it then stood there was no restriction on the issue of notes of one or two pounds by country banks. In 1818, out of seven hundred country banks that had existed in 1814, two hundred had disappeared, 'to the ruin of individuals' and whole districts and to the general injury of agriculture and commercial 'interests.' To guard against a repetition of these failures it was proposed to restrict the issue of notes under £5 after July 1820 to such an amount as that for which each bank could deposit double the value in stock or Exchequer bills.²⁴ As, however, it was considered that notes of country banks were exchangeable for and liable to the arrangement made for notes of the Bank of England, the Bill was withdrawn.²⁵

Another financial matter which required immediate attention was the unsatisfactory condition of the silver currency. There was not a shilling in the country of full weight, and according to experiments made at the Mint in 1807—and there had been little alteration since—the intrinsic value of the

¹⁹ *Hansard* (1st Ser.), xl, 170. For arguments as to the effect of Peel's Act, see Tooke, *Hist. of Prices*, ii, 95 et seq.

²⁰ *Hansard* (1st Ser.), xxx, 661; xxxii, 615; xxxiii, 720.

²¹ *Ibid.* xxx, 661; xxix, 1177.

²² *Ibid.* xxxvi, 1361.

²³ Speech by Hamilton, in *ibid.* xxxix, 86.

²⁴ *Hansard* (1st Ser.), xxxvii, 1232; xxxviii, 191.

²⁵ *Ibid.* xxxviii, 410.

average shilling was but sevenpence and that of the sixpenny piece only threepence. The country was inundated shortly after the war²⁶ with French coins 20 per cent. under value, and a quantity of counterfeit coin²⁷ struck at Birmingham was also in circulation. Owing to the large sums which had been drawn, particularly by the expenditure during the three years before 1816²⁸ of £142,000,000, for the cost of the war in Portugal and Spain, of which about £42,000,000 only were in paper, there was a scarcity of money. The deficiency was mainly felt with regard to silver coins; shopkeepers either had to give credit or refuse to sell, the letter carrier at Bath had to give credit to those he knew, whilst others went days without their letters for want of change to pay for them.²⁹ To overcome the difficulty, first the Bank of England and then local banks issued silver tokens generally at a slightly higher value than the national silver currency, and as these did not meet the demand, silver notes or shop notes, as they were termed, were issued in paper by local tradesmen and others.

It is not surprising that in 1815 debates were raised as to the improvement of the silver circulating medium, and its depreciation received severe criticism.³⁰ In 1816 a Bill was passed whereby gold became the legal standard of value. As before it was to be coined free of charge, while silver, instead of being coined at the previous rate of 62 shillings to the pound, troy weight, was to be struck at the rate of 66 shillings to the pound, four of which 66 shillings were to be retained as 'seignorage' for the mint expenses. In future, silver was not to be a legal tender for sums exceeding 40s.³¹ The terms of this Act raised a debate, in which the Earl of Lauderdale took a prominent part, on the doctrine of what was afterwards called bimetallism. Before 1797 both gold and silver were equally standard metals and either could be carried to the Bank and the equivalent in weight would be given in money,³² although in 1774 it was enacted that silver coins should not be a legal tender for more than £25.³³ Lord Liverpool maintained that we ought to have a more valuable standard to meet the magnitude of the transactions of the country,³⁴ and this theory has continued to be accepted. Silver was thus gradually ousted from its position as a standard metal in this country, and excepting Portugal we became, and remained, the only European country which adopted gold as its sole standard metal till 1871-3, when Germany, followed by the Scandinavian countries, adopted a gold standard.

The new coinage was issued in February 1817, and liberal terms were given for calling in the old currency.³⁵ No difficulty was experienced in issuing the new money, though some trouble arose in the following year in dealing with the bank tokens, which, though not a part of the legal currency, were circulated by government sanction. As a further outcome of the Act

²⁶ *Hansard* (1st Ser.), xxx, 89; xxxiii, 1148, 1149.

²⁷ *Ibid.* xxxiv, 239.

²⁸ *Ibid.* xxxii, 84.

²⁹ Lauderdale, *Further Considerations*, App. 25.

³⁰ *Hansard* (1st Ser.), xxix, 1117; xxxiii, 1148; xxxiv, 239.

³¹ Stat. 56 Geo. III, cap. 68.

³² *Hansard* (1st Ser.), xxxviii, 191.

³³ Stat. 14 Geo. III, cap. 42.

³⁴ *Hansard* (1st Ser.), xxxviii, 177.

³⁵ *Ibid.* xxxvii, 331, 710.

the modern sovereign or twenty-shilling piece of standard weight of gold was issued in July and superseded the guinea.

The improvement in trade lasted but a very short time. Edward Ellice, member for Coventry, said it had been created by the chancellor's loans from the Bank and his excessive issues of Exchequer bills, which forced the Bank to extend their issues and enabled every man who wished to extend his dealings to have any command of money he pleased at a reduced rate of interest.³⁶ The first intimation of a renewed depression was a fresh agitation for increased duties on imported corn,³⁷ for which petitions flowed in from all the agricultural districts.³⁸ 'It appears to me,' said Sir Robert Wilson,³⁹ 'the agriculturists do not know or will not consider 'the temper and condition of the labouring classes or they would never hazard 'the further exasperation of feelings which have never been completely 'tranquillized since the last Corn Bill was passed.'⁴⁰ Dickinson, although he believed that the soil of the country could produce sufficient corn for the support of the inhabitants and that we might become exporters of corn, thought that the discussion of the matter then was inexpedient.⁴¹ It was the general opinion of the House that the last Corn Act had given the agriculturists all they could expect in the way of legislation, and so the matter for the time dropped.

But the more serious depression was among the manufacturers. The same misfortune which had befallen the country after the peace again happened, the markets of Europe and America were glutted with British goods manufactured with borrowed capital. The scarcity of money abroad made sales difficult and necessitated long credits, and those who had lent money to the merchants, being uneasy, now called for it again and compelled the merchants to realize at a loss.⁴² Hence the continuation of the distress among the factory operatives.

While Parliament had been discussing remedial measures in a somewhat academic manner the discontent in the country was coming to a head. On 22 November, 1819, Parliament was hurriedly called together for an unexpected autumn session to deal with the seditious movements reported from the manufacturing districts. The Prince Regent in his opening speech said that proceedings were taking place 'incompatible with the public tranquillity and the peaceful habits of the industrious classes of the community, and a spirit is now fully manifested utterly hostile to the constitution of the Kingdom and aiming not only at the change of those political institutions which have hitherto constituted the pride and security of this country, but at the subversion of the rights of property and of all order in Society.'⁴³

From the papers laid before both Houses and the debates upon them it appears that distress in the manufacturing districts was very severe, and distress led to sedition. The poor weavers of Manchester, Glasgow, Paisley

³⁶ *Hansard* (1st Ser.), xxxix, 381.

³⁷ *Ibid.*

³⁸ *Ibid.* 439, 444, 607, 658, etc.

³⁹ *Ibid.* xl, 997.

⁴⁰ *Ibid.* xxxix, 444.

⁴¹ *Ibid.* 709.

⁴² Speech by Ellice in *ibid.* xxxix, 381.

⁴³ *Hansard* (1st Ser.), xli, 1.

and other districts, with wages varying from 2s. 6d. to 5s. a week and the miseries of an early winter accompanied by hunger and cold before them, were easily led by the plausible appeals of agitators. Although the ostensible demands of the operatives were reform in Parliament and the better representation of the people, their methods of bringing their demands into prominent notice were undoubtedly seditious and liable to bring about disorders. The places principally concerned were the manufacturing towns of Lancashire, the West Riding of Yorkshire and Scotland, with a main centre of disaffection at Manchester.⁴⁴ Weekly meetings were held by the 'Radical Reformers,' as they were termed, throughout the manufacturing towns. The magistrates of Lancashire complained that at these meetings 'the disaffected and ill-disposed lose no opportunity of instilling the worst 'principles into the unhappy sufferers.' Although they applauded the hitherto peaceable demeanour of many of the labouring classes, yet, 'urged 'on by the harangues of a few desperate demagogues, we anticipate at no 'distant period, a general rising,' and, as the magistrates possessed no power to prevent the meetings, they were at a loss to know how to stop the constant dissemination of seditious doctrines.⁴⁵ A great meeting was arranged to take place at St. Peters Field, Manchester, on 16 August, 1819, for the purpose of petitioning Parliament for reform. The number attending is estimated by some as 80,000, who assembled with flags and banners bearing such inscriptions as 'Equal Representation or Death,' 'No Corn Laws.' In an attempt to arrest some of the speakers there was a collision between some troops and the crowd, and in the panic which ensued eight people were killed and about 400 wounded. This was the 'Manchester Massacre,' or 'Peterloo,' made famous by Carlyle.⁴⁶ Other smaller riots occurred elsewhere, and many parts of the country were in a disturbed condition.

The present state of things, said Baring, must be got rid of. It was impossible that capital would remain in the country if these tumults continued; indeed, a sort of panic had seized the public mind, there was a general *sauve qui peut* amidst monied men, each endeavouring to outrun the other in removing capital from the kingdom. The alarm could be dissipated only by the lower classes becoming satisfied that it was not to their interest to pursue their visionary schemes.⁴⁷ Wilberforce pointed to the fate of Venice and the Hanse towns, which showed that commercial prosperity and credit could not co-exist with alarm as to the security of property.⁴⁸ At Manchester, Lord Grenville told the House, 'individuals are retiring, capitals are withdrawn and establishments about to be transferred from that scene of disturbance and alarm. It could not be otherwise. It is of the nature of commerce to flourish only under the shelter and protection of law, its blossoms will never expand themselves, much less will it mature its fruits, except in secure and undisturbed tranquillity.'⁴⁹ The Earl of

⁴⁴ *Hansard* (1st Ser.), xli, 378.

⁴⁵ *Ibid.* 230.

⁴⁶ *Past and Present* (1843), Bk. i, chap. iii. See long discussions on these riots in *Hansard* (1st Ser.), xli.

⁴⁷ *Hansard* (1st Ser.), xli, 335, 906.

⁴⁸ *Ibid.* 912.

⁴⁹ *Ibid.* 476.

Liverpool instanced the United States as a country where all that the rioters desired existed, and yet distress was as great there as it was here. He attributed the present troubles to the rapid increase of population and the introduction of machinery, which had a tendency to produce a glut in the market.⁵⁰

The distress in Scotland Bennet thought had been largely augmented by the influx of Irish, who, driven by poverty at home, sought to better their situation by emigration to Scotland. In the neighbourhood of Glasgow the people had been forced to carry their furniture and clothes to the pawn-brokers. The 'people were not merely in a state of poverty and distress, these were idle terms, they were in a state of famine, in a state of starvation.' In Lancashire, about Salford and Manchester, where the population was solely employed in manufactures, many villages had grown up to large towns, and the gentry being dispersed the people were left under the authority of men who had little interest in the general prosperity of the locality. Consequently, there did not exist that union between the magistrates and the people which was essential to the due execution of the law. Politically the gentry of the neighbourhood were Jacobites, while among the people there was one union of men calling themselves Radicals and another formidable union of persons calling themselves Orangemen.⁵¹ Bennet was not alone in what he said about the want of resident gentry. To alleviate the distress he recommended emigration to our colonies, for there were too many workers in this country at the present time.⁵² A long debate on the state of the Scotch manufacturing districts was opened by Maxwell. At Renfrew the manufacturing population were wholly unable to support themselves, and like other places in Scotland there were no poor rates. A large sum had been subscribed for relief works, such as road making, but that was now exhausted and another fund necessary. Realizing the inadequacy of private subscriptions the government promised to supply money for relief works if security could be given for repayment.⁵³

In the midst of the general feeling of unrest which prevailed throughout the land the long and eventful reign of George III came to an end. The old and insane king had practically taken no part in public affairs for ten years, so that the promotion of George IV from regent to king made but slight alteration in the policy or ministry of the country.

⁵⁰ *Hansard* (1st Ser.), xli, 497.

⁵¹ Speeches by Phillipps and Stuart Wortley in *Hansard* (1st Ser.), xli, 914-16.

⁵² *Ibid.* 890, etc.

⁵³ *Ibid.* 1217.

CHAPTER III

COMMERCIAL REFORM

(1820 to 1830)

IN the state of affairs as they existed at the beginning of the 19th century the teaching of Jeremy Bentham, that all government should tend to the greatest good of the greatest number and that every possible liberty should be allowed to the individual, made a special appeal to thinking men.¹ Bentham's teaching had a very strong influence on Peel, Huskisson, Canning, and other statesmen. They adopted a practical, common-sense view of the doctrine of individualism, better suited to the time than the more purely academic individualism of Bentham's immediate followers—the Philosophic Radicals, represented in Parliament by Sir Francis Burdett, Hobhouse and Joseph Hume.

The ministry, however, was composed of older statesmen who were not prepared to relinquish the old system, which had been founded on the idea that our political and legal methods were the best that could be devised by the wit of man. They refused to exchange such a system for one which aimed at the abolition of all restrictions on the right of the individual to follow his own interests in the way which seemed best to him.² Bentham's philosophy, expounded and popularized by James Mill, was fast gaining ground in the country. Robert Peel, writing in 1820 to John Croker, the essayist, asked, 'Do you not think that the tone of England is more liberal than the policy of the government?' and again, 'Public opinion is growing too large for the channels it has been accustomed to run through.'³ Lord Liverpool was himself a convert to more liberal views,⁴ but with such Tories of the old school as Eldon, Sidmouth, and Londonderry in the cabinet progress was impracticable.

In 1822 Lord Sidmouth resigned from the Home Office and was succeeded by the younger Peel. In August Lord Londonderry died by his own hand,

¹ Sidney Webb has summed up the principles which guided the Individualists in dealing with the difficulties of social life: 'that the best government is that which governs least; that the utmost possible scope should be allowed to untrammelled individual enterprise; that open competition and complete freedom from legal restrictions furnish the best guarantees of a healthy industrial community; that the desired end of equality of opportunity can be ultimately reached by allowing to each person the complete ownership of any riches he may become possessed of; and that the best possible social state will result from each individual pursuing his own interest in the way he thinks best' (*Problems of Modern Industry*, 232).

² Dicey, *Law and Opinion*, p. 145, 170.

³ *Dict. Nat. Biog.*, Sir Robert Peel (1788–1850).

⁴ Thomas Tooke states that Lord Liverpool in 1820 received a deputation in favour of free trade in a very sympathetic way and concurred with all the principles of it; 'if I had to legislate for the country *de novo*, these are the principles on which I should act' (Tooke, *Hist. of Prices*, vi, 331).

and a reconstruction of the ministry became necessary. Vansittart accepted a peerage, and the office of chancellor of the Exchequer was given to Hon. Frederick Robinson; George Canning succeeded Lord Londonderry as foreign secretary and leader of the House of Commons, while William Huskisson became president of the Board of Trade. Canning, Huskisson and Peel all belonged to and thoroughly understood the middle classes, and their admission to the ministry began a new era, which led to the Reform Act of 1832 and to the accession of those classes to political power.

Bentham and his disciples, Sir Samuel Romilly and Sir James Mackintosh, had for many years advocated a thorough scheme of law reform, more especially of the criminal code. A Tory government, swayed by the optimistic theories of Blackstone, gave the reformers no countenance, but Peel took the matter up and his administration of the Home Office from 1822 to 1827 was marked by the mitigation and consolidation of the criminal code and other reforms.⁵ Meanwhile Canning devoted himself to cutting England free from the Holy Alliance, which had been established by the chief continental powers in 1815 to 'govern Europe 'on Christian principles,' as they claimed, but in reality to put down democracy. Huskisson and Robinson, with the full concurrence and approval of Lord Liverpool, set to work to free British commerce and navigation from the ancient restrictions which fettered them. Their purpose was to place England in the van of commercial and industrial progress and to make her the mart of the world. They believed it would be possible to give foreign states a practical demonstration that a liberal policy is the best policy and leads to national wealth, and would if adopted by all states lead to national good fellowship. They did not, however, advocate absolute free trade, as they believed some protection was necessary owing to the heavy burdens on the English producer. Their hopes were well stated later by the free trader, Sir William Molesworth, who gave as his reason for desiring an immediate repeal of the Corn Laws 'that such an alteration in our commercial system would almost instantaneously be followed by a removal of all other restrictions on trade: and so powerful would be the moral effect on public opinion throughout the world, if this, the wealthiest, the most commercial and manufacturing country on the earth, were to open its ports and to declare itself in favour of free trade, . . . that few civilized nations would be able long to abstain from imitating the example of England. Then by the gradual operation of those laws of human nature, in virtue of which men desire to buy at the cheapest and sell at the dearest market, each nation would take to itself that share in the general production for which it is best adapted by the nature of its soil and the genius of its inhabitants. Civilized nations, instead of being separated as now by commercial restrictions, would form one vast social system cemented together by similar wants, by interests closely interwoven and by mutual dependence upon one another. The extended intercourse thence arising, facilitated by daily improvements in the means of conveyance, would soon obliterate those noxious jealousies and hateful national antipathies, the

⁵ *Dict. Nat. Biog.* See also Dicey, *op. cit.* 62.

fertile sources of wars and their attendant evils, to which may mainly be attributed the slow moral and social improvement of mankind.' ⁶

Huskisson and his colleagues also believed that increased commercial prosperity must eventually lead to the welfare of the individual. They adopted the reciprocity system with the view of bringing other nations into the scheme, and also by way of propitiating the 'practical' men who desired a *quid pro quo* for every concession made by England. Two bars to the success of their plan were a possible loss of revenue and vested interests. The first necessitated delay and very gradual methods. Vested interest was represented by landowners, shipowners, and West India planters. These were too strongly organized to be disregarded, and long prevented the repeal of the Corn Laws and the timber duties. The effect on foreigners of the retention of these duties was to prevent belief in England's sincerity and to encourage the belief that her prosperity was due to the old restrictive methods rather than to the new commercial system.

The early months of the reign of George IV were a time of great and general distress, and in spite of the dread of interference by the legislature the attention of Parliament was largely occupied with measures for alleviation. Distress had been aggravated by the riots and disturbances of 1819; but as tranquillity returned trade gradually recovered, and by 1822 commercial credit and confidence had been restored. This process was accelerated by the revival of trade in America and by the gradual return of commerce and capital to the natural channels from which they had been diverted by war. The revival of agriculture was, however, less rapid. The increased rents which had prevailed during the war were generally continued after the passing of the Corn Laws of 1815. Expectations of continued high prices were followed by an extension of tillage and increased production, and the country rapidly advanced to a state when the produce exceeded the consumption, while the price of wheat steadily fell. Abundant harvests in 1819 and 1820 combined with large importations from Ireland caused a glut, which could find no vent in exportation, since the markets of Europe were equally overstocked.⁷ The necessities of the farmers combined with an abundant crop of inferior corn in 1821 made it imperative for them to dispose of their stocks at almost any price, and the abnormal amount of wheat brought to market between November 1821 and March 1822 still further depressed prices.⁸ Two expedients were suggested to meet this difficulty. The first was the application of Exchequer bills to purchasing and storing a portion of the wheat grown in the United Kingdom.⁹ This plan, however, was abandoned on the ground that it was better to leave supply to adjust itself to demand, and that there were objections to making government a dealer in corn, and a danger in creating such a precedent. The second plan was to

⁶ *Hansard* (3rd Ser.), xlv, 462.

⁷ *Ibid.* (New Ser.), vi, 422-6.

⁸ *Report of Committee on Agriculture*, 1821.

⁹ In 1620 the King's Council 'wrote letters into every shire, and some say to every market town, to provide a granary or storehouse, with stock to buy corn and keep it for a dear year' (Prothero, *Engl. Farming Past and Present*, 257).

offer facility and encouragement to individuals to deposit part of their stock in warehouses and wait until better prices were offered, the government confining its action to making advances on the corn so deposited.¹⁰ This scheme, too, was abandoned, as it was believed that inferior corn only would be stored and that small farmers, who most needed help, had already disposed of their stocks.¹¹

Various panaceas for the distress were advocated. The most popular were parliamentary reform, abolition of tithes, reduction of taxation, abolition of sinecures and unmerited pensions, a depreciation of the currency and a forcible reduction of the interest on the national debt. 'The last project' was spoken of with a complacency and listened to with a toleration which 'a few years before would have been incredible.'¹² When this suggestion found its way, at the instigation of Cobbett, into a petition from the county of Kent¹³ Lord Londonderry recommended the reception of the petition, since he thought 'it would be highly useful that this petition should remain' on the records of Parliament to warn other counties against being betrayed 'into the avowal of principles so disgraceful to themselves and so calculated' 'to bring ruin on the country.'¹⁴

Huskisson reminded the House that the same remedies had been demanded by the manufacturing population in the period of distress which followed the peace¹⁵: 'What, in those perilous times which followed so rapidly upon the restoration of peace, was the language of the same men who had so steadily and systematically foretold the defeat and humiliation of our arms, during the whole progress of the war? The trade of foreign prophecy was fortunately at an end, but, faithful to their vocation, they entered upon the new field opened to them by our domestic difficulties. These difficulties, we were told, were the necessary consequences of taxation and high prices—that we had saved Europe, that we had acquired military glory indeed, but that the price had been the ruin of England—that in this country the expense of living was so great we could no longer manufacture or navigate in competition with other nations—that our manufacturing and trading capitals would seek employment in the less-burdened countries—that the middle classes would migrate to live cheaper and better abroad, and that the bulk of our industrial population would in consequence be left destitute from want of employment. The manufacturing population, assured by these prophets of misfortune that their then misery was only the beginning of the still greater privations which awaited them, were further told that the magnitude of the public debt was the foundation of all the evils under which they laboured—that this debt was the creature of a corrupt Parliament, and that the alternative was, on the one hand ruin and starvation, or on the other the annihilation of the "pretended national debt" and a radical reform of the House of Commons. These were the only remedies at that time; they are the only remedies of the same class of politicians for our agricultural difficulties at the present moment.'¹⁶ Baring,

¹⁰ *Rep. of Committee on Agric.*, 1821; *Hansard* (New Ser.), vii, 154-6.

¹¹ *Hansard* (New Ser.), vii, 361-3.

¹² *Ann. Reg.* 1822, p. 2.

¹³ *Hansard* (New Ser.), vii, 1079.

¹⁴ *Ibid.* 1081.

¹⁵ See p. 34.

¹⁶ *Hansard* (New Ser.), vi, 419-20.

Western, and Matthias Attwood, member for Callington, were the principal representatives in Parliament of those who called for a depreciation of the currency,¹⁷ Attwood urging that the standard given to the country by Peel's Bill was a wrong standard, for it was 'the standard of one period with 'the engagements of another.'¹⁸ Huskisson replied that depreciation was 'the wretched but antiquated resource of barbarous ignorance and arbitrary 'power, only known among civilized communities as the last mark of a 'nation's weakness and degradation.'¹⁹

The Whigs, led by Lord Althorp, Henry Brougham and Joseph Hume, urged the abolition of the sinking fund and the application of all surplus revenue to the reduction of direct taxation.²⁰ To this the government was firmly opposed, but some slight reductions in official salaries and sinecures and certain financial schemes carried out in 1822 enabled it to reduce the malt tax by 1s. a bushel and to repeal part of the salt tax, the leather tax and the window and hearth tax in Ireland. The repeal of the agricultural horse tax, always unpopular on account of its unfair incidence, had been carried against the government in 1821.²¹ By the spring of 1823 agricultural distress had been alleviated to such an extent that in June Sir Thomas Lethbridge withdrew an intended motion on the subject,²² on the ground that it was no longer necessary.

The depressed state of trade had directed attention both inside and outside Parliament to the mercantile system of the country.²³ The subject had been previously agitated by Brougham and others, but in 1820 public interest was aroused by a petition, drawn up by Thomas Tooke, from certain merchants of London, followed by other petitions from Glasgow, Manchester and Liverpool.²⁴

The London petition set forth that freedom from restraint is calculated to give the utmost extension to foreign trade and the best direction to the capital and industry of the country. That the maxim of buying in the cheapest market and selling in the dearest, which regulates every merchant in his individual dealings, is strictly applicable as the best rule for the trade of the whole nation. That a policy founded on these principles would render the commerce of the world an interchange of mutual advantages and diffuse an increase of wealth and enjoyment among the inhabitants of each state. That, unfortunately, a policy the very reverse of this has been and is more or less adopted and acted upon by the government of this and of every other country, each trying to exclude the production of other countries with the specious and well-meant design of encouraging its own productions, thus inflicting on consumers the necessity of submitting to privations in the quantity or quality of commodities, and rendering what ought to be the

¹⁷ The alternative of an unlimited and irredeemable compulsory paper currency was not considered in Parliament, though it was now and again suggested by some wild projector (Tooke, *op. cit.* ii, 106).

¹⁸ *Hansard* (New Ser.), v, 97 *et seq.*

¹⁹ *Ibid.* vii, 907-8.

²⁰ See Lord Althorp's motion, 21 Feb. 1822, in *Hansard* (New Ser.), vi, 558.

²¹ Stat. 3 Geo. IV, cap. 18, 30, 54, 82, 83; Stat. 2 Geo. IV, cap. 20.

²² *Hansard* (New Ser.), ix, 609. ²³ *Ibid.* vi, 422. ²⁴ *Ibid.* i, 165, 424, 478, 748.

source of mutual benefit and of harmony among states a constantly recurring occasion of jealousy and hostility. That the prevailing prejudices in favour of the protective or restrictive system may be traced to the erroneous supposition that every importation of foreign commodities occasions a diminution or discouragement of our own productions to the same extent, whereas it may be clearly shown that although the particular description of production which could not stand against unrestrained foreign competition would be discouraged, yet, as no importation could be long continued without a corresponding exportation, there would be an encouragement for the purpose of that exportation of some other production to which our situation might be better suited, thus affording at least an equal, probably a greater, and certainly a more beneficial employment to our own capital and labour. That of the prohibitive and protective duties of our code, which all operate as a heavy tax on the community, few ultimately benefit the class in whose favour they were instituted. That the artificial protection of one branch of commerce is often set up as a ground of claim to protection by other branches. That an investigation of the system is now peculiarly called for, as there is a strong presumption that the present distress is aggravated by it. That a declaration against the anti-commercial principles of our restrictive system is of the more importance at the present juncture inasmuch as in several instances of recent occurrence the merchants and manufacturers in foreign states have assailed their respective governments with applications for further protection, urging the authority and example of this country, against which they are almost exclusively directed, as a sanction for the policy of such measures, therefore they insist upon our superiority in capital and machinery as we do upon their comparative exemption from taxation, and with equal foundation. That nothing could tend to counteract the commercial hostility of foreign states more than the adoption of a more enlightened and conciliatory policy on the part of this country. That although as a matter of mere diplomacy it may sometimes answer to hold out the removal of prohibitions or duties as depending on corresponding concessions by other states in our favour, it does not follow that we should maintain our restrictions in cases where the desired concessions cannot be obtained. Our restrictions would not be the less prejudicial to our own capital and industry, because other governments persisted in preserving impolitic regulations. That independent of the direct benefit to be derived by this country on every such relaxation a great incidental object would be gained by the recognition of a sound principle or standard to which all subsequent arrangements might be referred, and by the salutary influence which a promulgation of such just views could not fail to have on the policy of the State. That in desiring every possible relaxation of the system the petitioners have in view not such parts of it as are connected with the public revenues, but those duties which are merely protective. The petitioners prayed that the House would adopt such measures as might be calculated to give greater freedom to foreign commerce.²⁵

²⁵ Petition printed in *Ann. Reg.* 1820, pt. ii, 770.

Alexander Baring in presenting the petition said that the time had now come when we should abandon the fallacious doctrine that the country ought to subsist on its own produce. 'It was one of the wise dispensations of Providence to give to different parts of the world different climates and different advantages, probably with the great moral purpose of bringing human beings together for the mutual relief of their wants.'²⁶

Committees were appointed in both Houses to take the subject into consideration. Lord Lansdowne in moving for the Committee in the House of Lords admitted that they would have much prejudice to contend with in the course of their inquiry and many interests to consider in connexion with the question of foreign commerce. Two things must be taken into consideration: first, the necessity of raising a large revenue, and, secondly, the justice and expediency of consulting those interests which were vested in our existing trade, on the faith of the continuance of the regulations under which it was now carried on, but these considerations ought not to be allowed to prevent changes which higher interests and a wiser policy demanded. He thought there should be no prohibition or prohibitory duties, that the Navigation Laws might be relaxed, the warehousing system encouraged, the duties on Baltic timber and on French wines reduced, the prohibitions on silk removed and the trade with India and South America opened up.²⁷

Lord Liverpool, in his reply, expressed sympathy with the principle of all Lord Lansdowne's suggestions, but pointed out the difficulties with which all were surrounded. 'I can entertain no doubt of what would have been the great advantages to the civilized world if the system of unrestricted trade had been acted upon by every nation from the earliest period of its commercial intercourse with its neighbours. We are now in a situation in which it is impossible for us, or for any country in the world but the United States of America, to act unreservedly on that principle. The commercial regulations of the European world have been long established and cannot be suddenly departed from. . . . Let us look to our absolute prohibition of the importation of a great part of foreign agricultural produce and our heavy restrictions on the remainder. Let us look to our own laws; to our laws respecting the importation of cattle; to our laws regarding the exportation and importation of wool: in short, to all the laws for the protection of our own agricultural interest. Under the operation of these laws we cannot go to foreign countries on the principle of reciprocal advantage. We will not receive their corn or their cattle. With the exception of wine and some other articles we will not take what they most wish to give us. With what propriety may not those countries say to us, "If you talk so big of the advantage of free commerce, if you value so highly the doctrines of your Adam Smith, show your sincerity and your justice by the establishment of a reciprocal intercourse. Admit our agricultural produce and we will admit your manufactures." Your lordships know it would be impossible to accede to such a proposition. We have risen to our present greatness under a different system. Some suppose that we have risen in consequence of that system, others, of whom I am one, believe we have risen in spite of that

²⁶ *Hansard* (New Ser.), i, 165.

²⁷ *Ibid.* i, 546 *et seq.*

system. It is utterly impossible that with our debt and taxation we can suddenly adopt the system of free trade.' ²⁸

Eventually, however, the policy embodied in the petition of the London merchants, qualified by considerations of expediency, was adopted by the government.²⁹

The Commons Committee numbered among its members Frederick Robinson, President, and Wallace, Vice-President of the Board of Trade, and William Huskisson, who as yet was not in the ministry, and it was mainly due to their efforts that effect was given to the policy outlined in the Report. This Report recommended the abolition of many of the existing restrictions on trade and of all monopolies. 'The skill, enterprise and capital of British manufacturers and merchants require only an open and equal field for exertion, and the most valuable boon which can be conferred on them is as unlimited a freedom from all interference as may be compatible with what is due to private vested interests that have grown up under the existing system, and those more important considerations with which the safety and political power of the country are intimately connected.' ³⁰ The commercial restrictions fell under three classes: first, those intended for the improvement of navigation and the support of naval power; secondly, those which arose out of the necessity of drawing from commerce, in common with other resources, a proportion of the public revenue; and, lastly, those necessary to the protection afforded to various branches of domestic industry, for the purpose of securing to them the internal supply of the country and the export to its several colonies. The Committee recommended a revision of the vast and confused mass of legislation which had grown up under the old system and the establishment of some simple and consistent principles to which all the regulations of commerce might be referred.

The adoption of this policy was, as had been foreseen, attended by difficulties. The first measure proposed, an alteration in the timber duties, which had long been a source of irritation to the Northern States of Europe, and materially affected our commerce in that quarter, met with violent opposition from the shipowners, a well-organized and influential body. These duties, which were imposed both to provide revenue and to protect the colonial timber trade, had gradually become so exorbitant as to be almost prohibitive.³¹ It was proposed by the Committee that the duty imposed merely for revenue should be removed, and the protecting duty diminished to an extent which, while still securing reasonable protection to colonial timber, should give a fairer competition to foreign produce and a freedom of choice to the consumer. This could be accomplished by imposing a small duty on colonial timber and reducing that on timber from the Baltic.³² The shipowners feared that much of the timber-carrying trade from the Baltic would pass to foreigners. The measure was also opposed by the

²⁸ *Hansard* (New Ser.), i, 576-7.

²⁹ *Ibid.* xiv, 773.

³⁰ *Report of Committee on Foreign Trade*, 1820, p. 3.

³¹ Stat. 49 Geo. III, cap. 98; 50 Geo. III, cap. 77; 51 Geo. III, cap. 93; 52 Geo. III, cap. 117; 53 Geo. III, cap. 33.

³² *First Rep. of Com. on Foreign Trade*, 1821, p. 9; Stat. 1 & 2 Geo. IV, cap. 37.

colonists, who were inclined to look upon the protecting duties as their due for having come to the help of England in 1811, when, as Marryat pointed out, the Northern Powers of Europe seized British ships to the value of seven million pounds, and thus cut us off from the timber supply of the Baltic.³³ The chief motive of the government in proposing these changes was to conciliate foreign powers, without whose goodwill the new policy could not effectively be carried out.³⁴ After considerable opposition in both Houses, the measure was passed, but, as events showed, its effects were so far from placing foreign and colonial timber on an equality that the object aimed at was not secured.

During the war our naval supremacy ensured us a monopoly of the trade of the world, but now competitors were arising in all directions. Every foreign nation was trying to raise up a commercial marine and our Navigation Laws were creating many enemies who possessed considerable means of annoyance.³⁵ These laws, which were first passed by the Long Parliament in 1651 and confirmed and extended by the Royalist Parliament of 1660³⁶ and later, provided that certain commodities known as 'the enumerated articles' should only be brought to this country in British ships or by the ships of the country in which the goods were produced. They further enacted that only British ships should be employed in the carriage of the produce of Asia, Africa and America to British ports and in the transport of all exports from and imports to British colonies. Although Adam Smith wrote the *Wealth of Nations* to advocate freedom of trade, he could not help seeing the advantage these laws had been to this country.³⁷ He was of opinion that, although some of the regulations they contained might have been framed by reason of our animosity to the Dutch, 'they were as wise as if they had all been dictated by the most deliberate wisdom'; and he declared that as 'defence is of much more importance than opulence, the Act of Navigation is, perhaps, the wisest of all the commercial regulations of England.'³⁸

But these laws had taught other nations to believe that they were almost the only requisite for commercial wealth and maritime power,³⁹ and as a consequence America, Russia and Prussia had all promulgated laws on the exact model of them.⁴⁰ In the case of the United States this had led to the closing of American ports to British ships⁴¹ and other difficulties which were not adjusted till 1815, when the ships of both countries were placed on an equal footing and all discriminating duties were repealed on both sides.

The struggle in which Spain was engaged with her South American

³³ *Hansard* (New Ser.), i, 844; iv, 542; v, 50.

³⁴ *First Rep. of Com. on Foreign Trade*, 1821, p. 8.

³⁵ Alex. Baring, *Hansard* (New Ser.), i, 165 *et seq.*

³⁶ Stat. 12 Chas. II, cap. 18.

³⁷ Adam Smith, *Wealth of Nations*, Bk. IV, cap. ii.

³⁸ *Ibid.*

³⁹ *Hansard* (New Ser.), xv, 1166.

⁴⁰ *Edinburgh Review*, xxxviii, 484.

⁴¹ *Hansard* (1st Ser.), xxxv, 1025. See also *ibid.* xxx, 173.

colonies made it further evident that if we were to retain our own colonies our restrictive system with regard to them would have to be relaxed. The continuance of the slave traffic in Cuba and the Brazils enabled those countries to undersell the produce of our colonies, and it was necessary to place British colonists as far as possible on a footing of equality with their rivals by some relaxation of restrictions on their commerce. Moreover, under the Free Port Act of 1805 trade with the colonies was limited to countries which were under the dominion of some European sovereign or state. The total emancipation of many of the American states appeared imminent, and the termination of European sovereignty would automatically put a stop to the free port trade. Some change in the Navigation Laws thus seemed unavoidable if we were to profit by the extensive new markets which the emancipation of these states would throw open.⁴²

In June 1821 Wallace laid before the House a general plan⁴³ for the revision of the Navigation Laws which he divided into two heads. The first concerned those clauses which applied to our intercourse with foreign nations, and the intercourse between different parts of the Empire. The second dealt with the laws relating to the colonies, the fisheries, the coasting trade and registry. Under these different heads, a general consolidation of the commercial law was in contemplation. This vast scheme, which included a general revision and collection of the laws relating to the customs, was carried out by Robinson and Huskisson, with the assistance of James Deacon Hume, Comptroller of His Majesty's Customs in the Port of London, and John Charles Herries, afterwards chancellor of the Exchequer.⁴⁴ It was generally considered that England owed her maritime greatness largely to the Navigation Laws, and it was not proposed to abandon the principles from which those laws emanated.⁴⁵ As regarded the fisheries and the coasting trade the law required no alteration, the object being to confine these trades exclusively to British shipping. The amended law of 1822⁴⁶ repealed the Acts which had become obsolete and unnecessary. Such were those directed against the naval power of the Dutch, which partially prohibited commerce with the Netherlands and the German states, and others which restricted trade with Russia and Turkey.⁴⁷ It put all European nations on a footing of equality as regarded commerce with the United Kingdom. The number of articles of European produce which under the old law could be imported only in British ships, or in ships of the country of their origin, was increased and their importation permitted from any port of Europe not only in such ships but in ships belonging to the port of shipment, it being found that the old law interfered with an advantageous assortment of cargoes both in home and foreign ports.⁴⁸ The laws regarding imports from Asia, Africa and America had been relaxed at various times for political reasons, without prejudice to British shipping,⁴⁹ and

⁴² *Hansard* (New Ser.), vi, 1421-3.

⁴³ *Ibid.* v, 1289.

⁴⁴ *Ibid.* xiv, 780; Hume, *Laws of the Customs*.

⁴⁵ *Rep. of Committee on Foreign Trade*, 1820, p. 5.

⁴⁶ Stat. 3 Geo. IV, cap. 41-3.

⁴⁷ *Hansard* (New Ser.), v, 1294.

⁴⁸ *Hansard* (New Ser.), v, 1294-5.

⁴⁹ *Rep. of Select Com. on Foreign Trade*, 1820, p. 7.

the amended law permitted importation into the United Kingdom from those parts of the world without reference to the place of growth, provided such importation was made in British ships. Any goods the produce of these countries could be imported from Europe for export only.⁵⁰ Goods from those parts of South America and the West Indies formerly belonging to Spain might be imported direct from the place of growth by ships of those countries, provided British ships had equal facilities in their ports.

The regulations which restricted our colonies to a direct trade with the mother country alone, had from time to time been relaxed.⁵¹ In most of the West Indian and American colonies free ports had been opened to foreign ships by the Act of 1805, both for the importation of foreign commodities and for the exportation of colonial produce and manufacture. During the war it had become necessary to admit American shipping to the trade between the United States and West Indian colonies, and, though the general intercourse between our colonies and Europe was confined to British shipping, a material departure from the Navigation Laws had been made by allowing British vessels to carry on a trade between the colonies and any port south of Cape Finisterre. The amended law⁵² permitted a trade with the free ports of our colonies to the ships of any countries in America which should admit our shipping to reciprocal advantages, but the intercourse had to be direct and was confined to certain articles. Canada was propitiated by the imposition of a moderate duty on importation into the West Indies from other countries of such things as grain, flour and lumber, her chief products. The new Act also permitted a direct trade from the colonies in articles of their growth or production to the ports of Europe, but the trade was confined to British ships, which might also carry from these ports direct to the colonies certain enumerated articles of foreign growth. These changes met with little opposition and were carried through in both Houses with triumphant majorities.⁵³

By these laws privileges were conceded to the United States not granted to any state in Europe, for these privileges, though nominally extended to all countries in America, were useful only to the United States of America, since the other states had practically no mercantile marines.⁵⁴ The Americans, not satisfied with these concessions, demanded the right to trade with our colonies on the same footing as we ourselves did, 'a pretension unheard of in the commercial relations of independent states.'⁵⁵ To enforce their claim the Americans imposed alien duties in their ports on all British ships which might trade between their ports and our colonies. To meet this unexpected proceeding Great Britain was driven to retaliate by subjecting American ships entering our colonies to similar duties.⁵⁶ This imposed great hardships on our colonies, especially on the West Indies, which were largely dependent on the American trade, and, as it was found

⁵⁰ *Hansard* (New Ser.), v, 1295-6.

⁵¹ *Ibid.* vi, 1414 *et seq.*

⁵² Stat. 3 Geo. IV, cap. 44 & 45.

⁵³ *Hansard* (New Ser.), vi, 1414; vii, 674, 1121; *Edinburgh Review*, xxxviii, 485.

⁵⁴ *Hansard* (New Ser.), xii, 1106.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

that British shipowners had not availed themselves of the permission to trade between the colonies and Europe, in 1825⁵⁷ the trade of the colonies was thrown open to ships of all states which, having colonial possessions, should grant the like privilege to British ships, on the same terms as it was already open to the United States. Intercourse between the mother country and her colonies and intercourse of the colonies with each other was considered as a coasting trade and was reserved absolutely to ourselves. This made no inroad upon the fundamental principle of the Navigation Laws in respect of foreign trade, namely, that the cargo must be the produce of the country to which the ship belongs.⁵⁸ Negotiations with America on the subject of the duties were continued until 1830, when our terms were accepted.⁵⁹

Our system of imposing higher duties upon cargoes imported in foreign vessels than those on goods in British bottoms had long been a source of annoyance to other nations. The United States had by the adoption of a retaliatory system obliged us to place her shipping on a footing of equality with our own and Portugal had obtained a like concession. In 1821 the United Netherlands passed a law allowing a premium of 10 per cent. on articles imported in Dutch vessels, as a warning to us to change our policy. Prussia also raised the dues on our shipping, having already by reciprocity treaties placed those of Holland, Denmark and America on an equality with her own.⁶⁰ Prussia's action was stigmatized by some belligerent souls as 'the insolent dictation of a petty German Prince to which our rejoinder should have been from the mouths of our cannon.' Huskisson, referring to this at a later period, said, 'I hope I shall never bear any share in the councils of England when the principle shall be set up that there shall be one rule of independence and sovereignty for the strong and another for the weak; when, abusing her naval superiority, England shall claim for herself, either in peace or war, maritime rights which she refuses to acknowledge in other states or shall under any circumstances either neutral or belligerent impose upon others obligations from which she claims to be herself exempt. To act as if there were one rule of international law for ourselves and a different rule for other states would be not only monstrous injustice but the only course, I verily believe, by which our maritime power could be brought into jeopardy. Such a pretension would call for and warrant a combination of all the world to defeat it, and it is only from such a combination acting together in a just cause that the country can have anything to apprehend.'⁶¹

To meet the action of Prussia and Holland it became clear that Great Britain must either commence a commercial conflict through the instrumentality of protecting duties and prohibitions or else admit other powers to a perfect equality and reciprocity of shipping duties. Huskisson recommended the second alternative, which, besides being more prudent and dignified, he thought would promote a better political feeling between maritime powers and abate the sources of commercial jealousy. He had the authority of the Prussian minister in England for stating that the opinion of his Prussian

⁵⁷ Stat. 6 Geo. IV, cap. 114; *Hansard* (New Ser.), xii, 1107.

⁵⁸ *Hansard* (New Ser.), 1108. ⁵⁹ *Ibid.* (3rd Ser.), i, 299, 471, 1311; iii, 345, 535.

⁶⁰ *Ibid.* (New Ser.), ix, 795; xv, 1171. ⁶¹ *Ibid.* xvii, 656.

Majesty was 'that reciprocal commercial restrictions were reciprocal nuisances 'prejudicial to all nations engaged in extensive commerce, and that the 'policy of Prussia was to substitute, in place of reciprocal prohibitions, 'reciprocal facilities.'⁶² In 1823 an Act⁶³ was passed authorizing the King by Orders in Council to permit importation and exportation of goods in foreign vessels, on payment of the same duties as were levied on goods brought in British vessels, in favour of all nations willing to act on a system of reciprocity, but reserving to the same authority the power of levying additional duties or withholding drawbacks with respect to those powers who should decline to do so. Under this Act reciprocity treaties were entered into with all the principal countries of Europe and with several of the South American states.⁶⁴

With the view of making Britain the entrepôt of the world the warehousing system was considerably extended in 1823,⁶⁵ many additions being made to the articles which could be bonded, duty free, and the monopoly of the chartered dock companies was abolished. In the following year the system was extended to Ireland,⁶⁶ and in 1825 to certain ports in the colonies. These formed convenient depots for the trade with the states of South America, whose wants, owing to their lack of capital and individual credit, were best supplied by small and frequent deliveries.⁶⁷

The opposition offered to these measures dealing with shipping and navigation was very slight. Even the Reciprocity of Duties Act, of which the shipping interest subsequently complained very bitterly, passed almost without comment. The advantages to the interests chiefly concerned, the shipowners and the merchant traders, were obvious, and sentiment rather than vested interests was concerned in the maintenance of the Navigation Laws.

A very different reception was accorded to the second part of the Ministerial programme of reform, namely, the revision of the customs duties, for here nothing could be done without encroaching on vested interests, and manufacturers who had long enjoyed a practical monopoly of the home market dreaded the effects of a competition the intensity of which could not be foretold and which their fears probably exaggerated. Although the revision of the customs duties formed part of the scheme suggested by the Committee of Foreign Trade in 1820, nothing was done till 1824 on account of the distress then prevailing. The policy of the government, as stated by Huskisson, was 'to tender to all nations, alike and indiscriminately, equal facilities of commerce and navigation, and equal inducements to visit the ports of this country with their merchandise either for our own consumption or in the way of transit to other parts of the world. In furtherance of this principle (with the single exception of wine from Portugal under a specific and very ancient treaty) we have proceeded, first, to abolish all discriminating duties affecting differently the like pro-

⁶² *Hansard* (New Ser.), ix, 196-8; xv, 1170.

⁶³ Stat. 4 Geo. IV, cap. 77.

⁶⁴ Levi, *Hist. of Brit. Commerce*, 166.

⁶⁵ Stat. 4 Geo. IV, cap. 24.

⁶⁶ Stat. 5 Geo. IV, cap. 92.

⁶⁷ *Hansard* (New Series), xii, 1109.

ductions of foreign countries and in lieu thereof to establish one uniform tariff for the whole: secondly, to reduce the tariff to the lowest degree consistent in each particular article with the two legitimate objects of all duties, either the collection of public revenue or the protection absolutely requisite for the maintenance of our own internal industry.' ⁶⁸

Duties on several articles were reduced in 1824,⁶⁹ and the question of the import duty on foreign wool was settled by gradually reducing it from 6*d.* to 1*d.* a pound and permitting the export of British wool on payment of a duty of 1*d.* a pound.⁷⁰ The proposal that the duty on the importation of raw silk should be reduced considerably and an *ad valorem* duty of 30 per cent. substituted for the prohibition on the import of the manufactured article was subsequently modified.^{70a} The bounties on certain fisheries which would expire during the year were allowed to lapse and the bounties on export of linen were to be abolished gradually. A general revision of the customs duties followed in 1825.⁷¹ The result was that the duty on metals and the raw material of trade was greatly reduced, while that imposed on foreign manufactured articles for protection and not for revenue was reduced so as not to exceed 30 per cent. *ad valorem*. Huskisson thought such a duty ample protection. A greater protection would merely be a premium to the smuggler, and there would be no wisdom in attempting to bolster up a competition which such a degree of protection would not sustain. In his speech on introducing the measure Huskisson showed how greatly these prohibitive duties militated against our own trade. The duty on iron was £6 10*s.* a ton, giving the British producer a monopoly of the market. Lately the price of iron had been nearly doubled, as the output of the mines was unequal to the increasing demand for hardware. There was great risk that if the present state of things continued the hardware trade would be transferred to Germany and the Netherlands. Extensive orders received at Birmingham from the United States and other parts had been taken to the Continent because the articles could not be made here at the price specified on account of the great rise in the price of iron. The share of this country in the execution of the orders was confined to making the models and drawings for the guidance of foreign artificers. In the same way the prohibitive duty on zinc was reducing Great Britain's share in the brass trade to the preparation of moulds and patterns for foreign manufactures.⁷²

Huskisson condemned all prohibitions and prohibitive duties on several grounds. They were a premium to mediocrity, they exposed the consumer as well as the dealer to rapid and inconvenient fluctuations in price, they were a premium to the smuggler, a source of suspicion and odium to other nations and they condemned the community to suffer both in price and quality all the evils of monopoly, except in so far as a remedy

⁶⁸ Minute by Huskisson found at Board of Trade in 1830 (*Hansard* [3rd Ser.], i, 479).

⁶⁹ *Hansard* (New Ser.), x, 304 *et seq.*

⁷⁰ *Ibid.* 1442; Stat. 5 Geo. IV, cap. 47. ^{70a} See p. 65.

⁷¹ Stat. 6 Geo. IV, cap. 104-13; *Hansard* (New Ser.), xii, 1196 *et seq.*; xiii, 1215.

⁷² *Hansard* (New Ser.), xii, 1203-6.

could be found in the baneful arts of the smuggler. He did not approve of the policy of deferring improvements until we could persuade foreign states to make reciprocal concessions, but as a stimulus to adopt a similar policy he had inserted a clause in the Act reserving the power of making an addition of a fifth to the proposed duties on the productions of those countries which should refuse to place our commerce on the footing of the most favoured nation.⁷³ Robinson was a more rigid adherent to the principle of reciprocity, and advocated some distinctions in favour of nations who conformed to our principles. He did not, however, believe that there would long exist any ground for such distinctions, since he was persuaded that what is sound in principle and beneficial in its result must sooner or later become the rule in intercourse between nations.⁷⁴

The chancellor of the Exchequer's proposition regarding the duties on wool met with the same objections from farmers and manufacturers as had been raised in 1819.⁷⁵ It was, however, becoming apparent that our exclusion of foreign wool, by depressing its price on the Continent, was encouraging manufacture in Silesia and other parts of Germany, so that we were undersold in, and were gradually losing, the American market.⁷⁶ Little opposition was offered in Parliament to the chancellor's proposal, and even Sir John Sebright's practical demonstration of the needlessness of importing foreign wool, by exhibiting upon his person a coat of finest cloth made from English wool,⁷⁷ was insufficient to induce the House to negative the measure.

The removal of the bounty on linen met with opposition on the ground that it might harm the only trade Ireland possessed. Sir Henry Parnell took a different view. In his opinion the impediment to the trade lay in restrictive regulations by which all yarn sold in Ireland had to be wound in a particular manner, preventing the use of foreign or mill-spun yarn. He thought the industry would be benefited more by repealing these regulations than by continuing the bounties.⁷⁸ Finally, in deference to opinion in Ireland, the abolition of the bounties was deferred until January 1825, when a tenth part of them was to cease. Another tenth ceased in January of each successive year until the whole was abolished.⁷⁹ Huskisson's original proposition with regard to duties on the importation of linen was to reduce these duties, which were very complicated, and varied between 40 and 180 per cent., to a uniform duty of 25 per cent., but on further consideration he proposed a scale of duties to be lowered in the course of eight years from the present amount to 25 per cent. Machinery had only recently been introduced into the linen trade of Ireland, and he feared lest a sudden reduction of duty might make the industry unable to withstand foreign competition.⁸⁰

For some years Sir Henry Parnell had been advocating the removal

⁷³ *Hansard* (New Ser.), xii, 1196-1236.

⁷⁵ *Ibid.* x, 650, 751, 1423, 1447; xi, 804.

⁷⁶ *Ibid.* xiii, 278.

⁷⁹ Stat. 5 Geo. IV, cap. 43.

⁸⁰ *Hansard* (New Ser.), xiii, 1218; Stat. 6 Geo. IV, cap. 111.

⁷⁴ *Ibid.* 730.

⁷⁷ *Ibid.* ix, 239.

⁷⁸ *Ibid.* xi, 426.

of the 10 per cent. duty on all manufactures transmitted between England and Ireland. These taxes were originally for the most part imposed before the union for the avowed purpose of establishing manufactures in Ireland, under that mistaken system of the Irish Parliament which sought to confine the demand for Irish manufactures to Ireland, instead of endeavouring to open up the rich market of England. The unwisdom of this system had been shown by the success of the butter and linen trades which had access to the English market.⁸¹ In 1822 Commissioners were appointed to enquire into this and other matters relating to the public revenues of Ireland. On their recommendations the British and Irish Boards of Customs and Excise were incorporated in 1823, and the intercourse with Ireland was placed on the footing of a coasting trade, the duties levied on goods passing from one country to the other being repealed or gradually discontinued.⁸² The measure met with some opposition in Ireland, but the results of the partial removal of duties were so beneficial that petitions were presented from many of the former upholders of the duties, praying for their complete repeal. The total abolition of the duties in 1824⁸³ was followed by an immediate expansion of trade between the two islands.⁸⁴

The proposals for the reduction of duty on foreign silk had been preceded in 1823 by a petition from certain of the silk manufacturers of London and Westminster for the repeal of the Spitalfields Acts regulating the silk trade in London.⁸⁵ Owing to the operation of these Acts the silk trade was being driven from London to other places where the Acts were not in force. Under them the wages of silk-weavers were fixed by the magistrates, on the basis of piece rates agreed upon between committees of masters and men, and other restrictions were imposed on the trade which were doubtless at one time salutary, but now were regarded with disfavour by the larger employers. There were orders limiting the number of threads to the inch and the widths of many sorts of work, and the quantity of labour not to be exceeded without extra wages. The London silk loom, with a few trifling exceptions, remained in the same state as at its original introduction into this country by the French refugees.⁸⁶ The journeymen silk-weavers believed that they had derived great benefit from the Acts and opposed the proposed repeal by every means in their power. Counsel was heard at the bar of the House of Commons against the Bill,⁸⁷ but a feeling was prevalent, whether well founded or not, that a continuance of the Acts would drive the trade from London. Huskisson reminded the House of the various occasions on which the silk-weavers had been thrown upon charity by the stopping of the silk mills, for the owners were debarred by the Acts from working short time and bad trade meant complete stoppage.⁸⁸ Ricardo pointed out that the Acts operated to prevent a rise of wages in time of brisk trade as well as a fall in bad times.⁸⁹

⁸¹ *Hansard* (3rd Ser.), ii, 300.

⁸² Stat. 4 Geo. IV, cap. 23, 26, 30.

⁸³ Stat. 5 Geo. IV, cap. 22.

⁸⁷ *Hansard* (New Ser.), xii, 810.

⁸⁴ *Hansard* (New Ser.), xii, 1230.

⁸⁵ *Ibid.* ix, 143, 377.

⁸⁶ *Ibid.* 143-50. Mr. T. Wilson.

⁸⁸ *Ibid.* 813.

⁸⁹ *Ibid.* 832.

The Bill was passed in the Commons by a small majority, but in the Lords it was referred to a committee, and, though they reported in favour of it, on the third reading in the Lords, Nicholas Vansittart, Lord Bexley, late Chancellor of the Exchequer, introduced an amendment leaving the regulation of wages in the power of the magistrates but permitting the masters to employ their capital outside a radius of ten miles from the Royal Exchange, a limit to which their trade was restricted by the Acts.⁹⁰ This amendment was passed, but was not accepted by the Commons and the Bill was dropped.⁹¹ In 1824 the Earl of Lauderdale, in introducing a Bill on exactly similar lines, said that the views of the silk-weavers had undergone an entire change, and they would rather see all the laws repealed than experience the operation of an Act which relieved the master from the necessity of employing his whole capital in London.⁹² The Acts were accordingly repealed without attracting much notice either in Parliament or in the country; had they remained in force they might have formed the basis of a national system for ensuring industrial peace, but as Ricardo argued their operation could not remain local and partial.⁹³

Robinson's proposals with regard to the duties on silk and silk fabrics created consternation in the trade. The manufacturers did not dislike the idea of the reduction of the duty on raw and thrown silk, but unanimously decided to reject it if it must be coupled with the admission of foreign wrought silk.⁹⁴ Alexander Baring, member for Taunton, and Edward Ellice, member for Coventry, were the principal speakers in Parliament for the silk manufacturers. They opposed the admission of foreign goods into this country until the corn laws which prevented the equalization of the price of labour between it and the Continent had been repealed, and without demanding some corresponding concession on the part of France.⁹⁵ They further contended that the silk trade was of all industries the least able to bear competition. Silk manufacture was not a native but an exotic in this country. The machinery was not of our own invention, and the French were far in advance of us in the art of dyeing and had the advantage of a better climate and a home supply of the best quality of raw material.⁹⁶

Robinson was anxious to convince foreign countries that we were in earnest in our policy. 'If we stop short, will they not believe that the whole end we had in view is to cajole them into the admission of our manufactures into their territories while we continued to exclude theirs from ours? If our practice is to be so much at variance with our professions it is impossible that any credit can be given to the latter.' Moreover, it was perfectly well known that the prohibitions were evaded. As an instance of the great and recognized extent of smuggling he reminded the House how last year 'the hon. member for Aberdeen (Joseph Hume) produced his bandana handkerchief even in this place, and, having triumphantly unfurled the standard of smuggling, blew his

⁹⁰ *Hansard* (New Ser.), ix, 1529, 1533.

⁹¹ *Ibid.* 1540.

⁹² *Ibid.* xi, 433-4.

⁹³ Stat. 5 Geo. IV, cap. 66. Cf. J. H. Clapham, 'The Spitalfields Acts,' *Economic Journ.* xxvi, 471.

⁹⁴ *Hansard* (New Ser.), x, 732.

⁹⁵ *Ibid.* 731, 737.

⁹⁶ *Ibid.* 731 et seq.

'nose in it, and deliberately returned it to his pocket.' Hume had on that occasion challenged other members to deny that they also were in possession of similar handkerchiefs. 'For a fanciful notion that it upheld the interests of silk manufacturers we were obliged to maintain a navy to keep the contraband trade in check.' He thought that if the removal of the prohibition was accompanied by a reduction of duty on the raw material our manufactured silks could compete with all the world. 'I hope therefore that Parliament will think it full time to throw down the hollow gilded idol of imaginary protection and to establish on the foundation which it has so long usurped the simple and well-proportioned statue of commercial liberty.'⁹⁷

Eventually it was agreed to bring the reduction of the import duty on raw material into immediate operation and to postpone the removal of the prohibition on silk fabrics until July 1826⁹⁸ in order to give the manufacturers an opportunity of improving their machinery and taking other steps to face competition. This concession gave complete satisfaction to the trade, and the measure was passed without much further opposition. The effect was immediate,⁹⁹ and even Ellice was obliged to admit in 1826 that the public and the manufacturers had largely benefited by the apprehension of threatened competition and that the manufacture had improved beyond precedent in the two years.¹⁰⁰ The reduction of the duty on the raw material to 3*d.* a pound in 1824, while a duty of 7*s.* 6*d.* was left on imported thrown silk, rendered silk-throwing a very lucrative business, and a large number of new mills were built.¹ In spite of this English throwsters were unable to meet the demand for thrown silk which arose in 1825, owing to the great impetus given to manufacture by the speculative mania then raging in England, as will appear in the sequel.

The Navigation Law was relaxed in order to admit silk from countries not of its growth, and the duty on it was reduced from 7*s.* 6*d.* to 5*s.*² The extension of the manufacturing trade during 1825 was also enormous.³ When trade declined in 1826, both masters and men were thrown into great distress and deluged the House of Commons with petitions for a delay in the repeal of the prohibition of the importation of foreign silk, which would come into force in July of that year.⁴ Charles Grant, Vice-President of the Board of Trade, drew attention to the fact that the operatives having been deprived of their charter—the Spitalfields Act—at the instigation of the masters, the masters now demanded protection, after having robbed the operative of his. He advised the manufacturers to try the experiment fairly.⁵ Huskisson quoted from the petition which the manufacturers had presented in 1823 against the Spitalfields Acts, in which it was stated 'that with our unlimited supply of silk from India we might be independent of the rest of the world; that with our great command of capital and the unrivalled skill of our

⁹⁷ *Hansard* (New Ser.), x, 330-3.

⁹⁸ *Ibid.* xii, 1197.

⁹⁹ Porter, *Progress of the Nation* (ed. 1847), 215-16; *Hansard* (New Ser.), xxi, 773-4.

¹⁰⁰ *Hansard* (New Ser.), xxi, 773.

¹ *Ibid.* 733 *et seq.*

² *Ibid.* 800 *et seq.*; Stat. 5 Geo. IV, cap. 21.

³ *Ibid.* xiv, 738.

⁴ *Ibid.* xiv, 838.

⁵ *Ibid.* 839.

artisans the manufacturers do not fear the competition of any foreigners, and that with a free trade silk would become, like cotton, one of the staple manufactures of the country.' ⁶

The manufacturers so far prevailed as to obtain a further reduction of the duty on raw material to 1*d.* a pound and an alteration of the duty on manufactured silk from an *ad valorem* duty of 30 per cent. to a graded duty on the weight. ⁷ At the same time the importation was limited to pieces of a certain length, it being well known that the goods manufactured in France were not of this prescribed length. The result of this legislation was that the French manufacturers prepared another and larger stock to meet the required conditions, ready for introduction into England as soon as the market should open, while the stock previously prepared, of the wrong length, fell in price and was sold for smuggling, so that the British manufacturer contrived to bring in two foreign stocks to compete with his own greatly increased stock. ⁸

The trade was thriving during 1827 and 1828, ⁹ and under the spur of competition it made rapid progress. There was a slight set-back in 1829 and complaints of distress again arose. ¹⁰ A further reduction of duty on thrown silk was proposed, and to foster an export trade a drawback was granted on silk exported to an amount equal to the duty on the foreign thrown silk used in its manufacture. ¹¹

Meanwhile the claims of agriculture had not been neglected. The committee appointed in 1821 to inquire into agricultural distress had, under Huskisson's influence, reported in similar terms as the committee on foreign trade. ¹² They argued that the Corn Law of 1815 operated to increase fluctuations of price due to natural causes, and that it had a tendency to depress low prices and to raise those that were high to an extent that would not have occurred under free trade. They also showed how the operation of this law was often in direct opposition to the principle on which it had been founded, namely, to shut out foreign corn in seasons of abundance and to give facility to its introduction in years of scarcity. An average price in August, a few pence below the importing price of 80*s.*, might keep the home ports shut until November, when the navigation of all the Baltic ports was interrupted and no supplies could be obtained from them, notwithstanding a very poor harvest here. On the other hand an average price slightly above 80*s.* would keep the ports of this country open to receive foreign corn for three months, however abundant the harvest at home might be. They recommended as a preferable system a trade in corn constantly open to all nations, subject to such a fixed duty as might compensate the English grower for the loss of the encouragement he had received during the war. By this means inaccuracies in taking the averages and the effects of speculation in raising and depressing them would be eliminated. They

⁶ *Hansard* (New Ser.), xiv, 790.

⁷ Stat. 7 Geo. IV, cap. 53.

⁸ *Hansard* (New Series), xxi, 774.

¹² The report on Agriculture was drawn up by Huskisson.

⁹ Porter, *Progress of the Nation*, 215, 216.

¹⁰ *Hansard* (New Ser.), xxi, 744.

¹¹ *Ibid.* 781; Stat. 10 Geo. IV, cap. 23.

considered it impossible, however, to introduce such a system at that time, owing to the vast accumulations of corn in the ports of the Continent. They 'abstained from urging in favour of an open intercourse in foreign corn those general principles of freedom of trade which are now universally acknowledged to be sound and true in reference to the commerce of nations,' believing it necessary sometimes 'to modify and limit that principle, in deference to considerations of general policy connected with the institutions or the safety of the state. Looking to the possible contingencies of war, your committee are not insensible to the importance of securing the country from a state of dependence on other and possibly hostile countries for the subsistence of its population; looking to the institutions of the country, in their several bearings and influence in the practice of our constitution, they are still more anxious to preserve to the landed interest the weight, station and ascendancy which it has enjoyed so long and used so beneficially.'

In subsequent legislation the House deviated from the newly accepted free trade policy, and rejected alterations in the Corn Laws suggested by Huskisson and Ricardo, on the principle of a free trade under a fixed duty,¹³ while they adopted the Ministerial scheme brought forward in 1822 by Lord Londonderry.¹⁴ The new law¹⁵ fixed the import price at 70s. The duty when wheat was under 80s. a quarter was fixed at 12s., when at or above 80s. at 5s. a quarter; and in both cases there was to be an additional duty of 5s. for the first three months after the opening of the ports. When the price rose to 85s. the duty was to be 1s. a quarter. Grain from the North American colonies was to be admitted when the price was 59s. subject to certain duties. This law was not to take effect until the price of wheat had reached 80s., and it never became operative, as wheat did not reach that price before 1828, when a new Corn Law founded on the same principle of a scale of duties superseded that of 1822.

With a view to relieving the distressed state of agriculture ministers in 1822 carried out various financial measures, the object of which was, by increasing the circulation, to lower the rate of interest, then unduly high, and render credit more easy.¹⁶ A belief existed that the contracted circulation had produced the prevailing low prices of agricultural produce,¹⁷ which were, however, chiefly if not entirely due to other causes, as has been seen above. The issues of the country banks seem to have been reduced either, as was generally supposed, in anticipation of the suppression of small notes which was to take place in 1823, or, as Tooke believed, as a natural consequence of diminished demand for credit, owing to low prices.¹⁸ In many quarters the Bank of England was accused of intensifying the pressure by a diminished issue, but this does not seem to have been the case, since the withdrawal of notes in 1821 and 1822 had been more than counterbalanced by issues of

¹³ *Hansard* (New Ser.), vii, 201, 209.

¹⁴ *Ibid.* 150 *et seq.*

¹⁵ Stat. 3 Geo. IV, cap. 60.

¹⁶ *Hansard* (New Ser.), vi, 381.

¹⁷ Tooke, *op. cit.* ii, 94 *et seq.*; *Hansard* (New Ser.), vi, 555-6.

¹⁸ Mr. Hudson Gurney, when asked by the Bullion Committee of 1819 what determined the fluctuations in the amount of country bank paper, answered, 'the price at which the staple commodity of the district is selling: for example, I consider that our circulation would increase with a high price of corn, corn being the staple of Norfolk' (Tooke, *Hist. of Prices*, ii, 112).

sovereigns.¹⁹ An issue of Exchequer bills to the extent of £4,000,000 to be expended on public works was made with the intention of increasing the circulation to that amount,²⁰ and it was proposed to extend the period for the circulation of small notes by two years. Finally, owing to pressure brought to bear on ministers, the suppression of these notes was postponed until 1833.²¹ At the same time the bank directors were induced to advance money by way of mortgage and on stock. This they were enabled to do at a low rate of discount owing to the large amount of treasure accumulated during 1821 and 1822,²² when the exchanges were constantly favourable, and the Bank, to provide for the withdrawal of small notes, was accumulating bullion, now rendered unnecessary.²³

The prosperity which became so marked at the beginning of 1823 was afterwards generally ascribed to a redundancy of currency caused by these measures,²⁴ and was condemned as artificial, but there can be no doubt that during 1823 and part of 1824 commerce was on a stable and legitimate footing, and the prosperity was due rather to the new trade policy of ministers than to their operations on the money market.

In 1824 the prosperous state of the country was the subject of congratulation in the King's Speech.²⁵ Trade and commerce were extending at home and abroad, activity was pervading almost every branch of manufacture, and agriculture was recovering from the depression under which it had been labouring. The price of agricultural produce was steadily rising, but this rise was not attended with inconvenience to the working classes, for the demand for labour secured them steady employment and good wages. The improved system of warehousing introduced by Huskisson had led to a great increase in the transit trade,²⁶ and in consequence of the reduction in duty on the raw material great impetus was given to the silk and woollen trades. In spite of gloomy prognostications as to the alteration of the timber duties and the passing of the Reciprocity of Duties Act, the shipping trade was never more flourishing. Much of the improvement in trade was due to the relaxations of the Navigation Laws, which had enabled commerce to be established with the South American states. Until 1823 this was impeded owing to the failure of the British Government to recognize the independence of these states. In that year, however, consuls were appointed to the principal stations in Mexico, Colombia, Peru, Chile and Buenos Ayres, and in 1825 most of the new Republics were recognized.²⁷

A conversion of the 5 per cent. Government stock to 4 per cent. in

¹⁹ Tooke, *op. cit.* ii, 102.

²⁰ *Hansard* (New Ser.), vi, 334, 381.

²¹ Stat. 3 Geo. IV, cap. 70.

²² During 1823 the influx of gold into this country was so continuous and the rate of interest so low that the Bank could not find a sufficient amount of securities to allow of any great extension of its issues, and the overflowing hoards in their vaults caused the directors much loss and difficulty (Tooke, *op. cit.* ii, 174-5). At the same time the small notes were driving back the sovereigns the Bank had issued in 1821 and 1822.

²³ Tooke, *op. cit.* ii, 174.

²⁴ *Hansard* (New Ser.), xiii, 1271, 1381; xiv, 7; xvii, 1279. ²⁵ *Ibid.* x, 1, etc.

²⁶ Stat. 4 Geo. IV, cap. 24; 5 Geo. IV, cap. 92; *Hansard* (New Ser.), xii, 1109.

²⁷ *Hansard* (New Ser.), x, 3; xii, 6; *Ann. Reg.* 1825, p. 3.

1822²⁸ was followed in 1824 by the conversion of the 4 per cent. into 3½ per cent. stock,²⁹ so that only a moderate income could now be derived from government securities. This induced investors to venture their money in any schemes offering them higher rates of interest.³⁰ Vast sums were invested in foreign loans. All the European nations were borrowing in London at this time, and loans were negotiated by the financiers, Rothschild and others, who passed them on to the British public.³¹ The South American states borrowed very freely from 1822 onwards, and such was the mania for these loans that an adventurer, Gregor MacGregor, calling himself Cacique of Poyais, was able to negotiate a loan of £200,000 for his nominal state on the security of his imaginary revenues.³²

The growth of joint-stock companies in England widened the field for speculation. As trade expanded new forms of economic activity were brought within the scope of associated capital. Dock companies were formed for dealing with the enormously increased commerce in the port of London, and innumerable insurance companies arose in 1824. Mining and other companies were started in connexion with wild schemes for developing South America. Parliament was besieged with applications for private Bills for companies formed with every conceivable object, such as, among others, for bringing salt water from Brighton and air from Bognor.³³ 'All Bedlam had broken loose on the Royal Exchange.'³⁴ Many companies were formed without sanction from Parliament, and in all of them only a small instalment, seldom exceeding 5 per cent., was paid at first, so that a very moderate rise in the price of the shares produced a large profit on the sum actually invested. This was a bait too tempting to be resisted, and people of all classes hastened to venture their property in schemes of which scarcely anything was known except the name.³⁵ Ministers were strangely slow to take alarm, and assigned the general prosperity to their policy. In May 1824 the Earl of Lauderdale attempted to stem the torrent of speculation by the introduction of two new standing orders requiring that before a second reading should be granted to any Bill for incorporating a company, or for extending the privileges of an existing one, proof should be given that four-fifths of the capital had already been paid up.³⁶

The rage for speculation rapidly spread from shares to merchandise, and the outlook became dangerous.³⁷ At the end of October 1824 the transmission of capital abroad in payment of foreign loans and mining projects, and for large importations of produce, caused a dangerous drain on the bullion of the Bank.³⁸ Concurrently the Bank increased its circulation by a million and its securities by six millions. Part of the increased circulation was due to payments made to dissentients on the conversion of the 4 per cent. stock, and was perhaps unavoidable.³⁹ It was accompanied, however,

²⁸ Stat. 3 Geo. IV, cap. 9.

²⁹ *Hansard* (New Ser.), xiv, 222.

³⁰ *Ann. Reg.* 1822, p. 185.

³¹ *Ibid.* xiv, 77.

³² *Ibid.* xiii, 288.

³³ *Ann. Reg.* 1824, p. 3.

³⁴ *Tooke, op. cit.* ii, 179.

³⁵ Stat. 5 Geo. IV, cap. 11.

³⁶ *Cambridge Mod. Hist.*, x, 742-3.

³⁷ *Hansard* (New Ser.), xii, 613.

³⁸ *Hansard* (New Ser.), xi, 856.

³⁹ *Ibid.*

by an over issue of notes by many of the country banks.⁴¹ This, again, owing to the feverish state of the country, gave an impetus to speculation out of all proportion to the actual extent of the over issue. Though in February 1825 the Chancellor of the Exchequer stated his belief that there was nothing hollow or artificial about the general prosperity,⁴² in March Lord Liverpool issued a warning against rash speculations, and stated that if commercial embarrassment should arise from them he would oppose any measure of relief by an issue of Exchequer bills, a mode which had been resorted to on other occasions of acute commercial depression. He noted with concern the spread of the speculation mania to country districts, where, by means of country bankers, people were being persuaded to invest their money in schemes the bona fides of which they could not possibly estimate.⁴³

In the House of Commons, with few exceptions, members expressed their approval of the company schemes on the ground that they fostered trade. In March 1825, when the mania was at its height, Peter Moore, who was afterwards accused of promoting various fraudulent schemes,⁴⁴ moved for the repeal of the Bubble Act. He stated that upwards of £160,000,000 were invested in these undertakings, and he hoped the sums might be quadrupled as they encouraged industry and provided employment. Attempts had been made to bring the companies into discredit by stating that they came within the Bubble Act, but his opinion was that bubble schemes would not be supported and no legislation was required for their suppression.⁴⁵ His motion was not successful, but in June the part of the Act relating to joint-stock companies was repealed on the motion of the Attorney-General, on the ground that it was a dead letter and obstructed the formation of companies for useful purposes.⁴⁶

Public securities showed a tendency to fall in April 1825 and the stock of the different companies declined.⁴⁷ The demand for raw material in 1824 led in the summer of 1825 to sudden and excessive imports of cotton, silk and other commodities, while exports diminished, owing to the prevailing high prices. In consequence the foreign exchanges began to turn against this country.⁴⁸ Between April and November 1825, in spite of a gradual decrease of the circulation to the extent of three and a half millions,⁴⁹ the drain of the bullion in the Bank continued, largely for the purpose of supplying the country banks, which were beginning to experience a difficulty in meeting the demand for gold in exchange for their small notes.⁵⁰ On 13 December, to arrest this drain, the directors raised the rate of interest from 4 to 5 per cent., and during the week ending 17 December the supplies of treasure were nearly exhausted. The stoppage of many country banks aroused

⁴¹ Lord Liverpool stated that the issues of country bank paper increased in 1824 from 4 to 6 millions and in 1825 from 6 to 8 millions (*Hansard* [New Ser.], xiv, 454).

⁴² *Ibid.* xii, 720.

⁴³ *Ibid.* 1194-5.

⁴⁴ *Ibid.* xviii, 651.

⁴⁵ *Ibid.* xii, 1279.

⁴⁶ *Ibid.* xiii, 1018.

⁴⁷ *Ann. Reg.* 1825, p. 122.

⁴⁸ *Ibid.* p. 123; Tooke, *Hist. of Prices*, ii, 154.

⁴⁹ *Hansard* (New Ser.), xiv, 454.

⁵⁰ Tooke, *op. cit.* ii, 162.

apprehension as to the stability of the London houses, and a run on them was the consequence. Some stopped payment and involved many country banks in their fall, with the result that all credit was stopped and the circulation completely deranged. Subscribers to the various joint-stock schemes were pressed to pay up their instalments, but were no longer able to realize a profit on their shares or to raise money at the former low rate of interest. Bankers who had invested their funds in securities not readily realizable were unable to advance the assistance required by merchants, and several important commercial failures ensued.⁵¹ An identical course of events in the United States intensified the commercial distress, especially in Liverpool, and dissensions in the South American states and the insecurity of their governments entailed a loss of nearly the whole of the sums subscribed in loans to those countries. With one or two exceptions the mining undertakings were also a total failure.⁵² The remaining country banks, in a panic, unnecessarily and hastily contracted their issues, and at the end of December ministers determined on an issue of £1 and £2 Bank of England notes for country circulation, at the same time ordering an extraordinary coinage of sovereigns.⁵³ The circulation of the Bank was increased between 3 and 31 December 1825 from about seventeen and a half to over twenty-five and a half millions, and the directors came to the assistance of the trading classes by immensely increasing their discounts on mercantile bills.⁵⁴ Between 3 November and 29 December the amount of these bills was increased from four to fifteen millions.⁵⁵ In the meantime meetings of merchants and traders were held in London and most of the large towns, in which resolutions were adopted for the support of commercial credit. These meetings had the effect of allaying the panic to a certain extent⁵⁶ and to assist in the restoration of credit the Bank of France permitted the British coin placed on deposit to be withdrawn.⁵⁷

As Lord Liverpool had foreseen, ministers were assailed with applications for an issue of Exchequer bills to be advanced as loans on security, but they stood firmly against it on the ground that it would be offering a bonus to speculation. They were able to prevail in the House of Commons, though the proposal was strongly supported on both sides of the House.⁵⁸ Public opinion was also much in favour of some such measure, and finally an arrangement was made with the Bank to make advances to individuals on the deposit of goods, merchandise and other securities, the whole sum to be advanced not to exceed three millions.⁵⁹ The knowledge of the existence

⁵¹ *Ann. Reg.* 1825, p. 123.

⁵² *Cambr. Mod. Hist.* x, 589; Tooke, *Hist. of Prices*, ii, 156, 159, 160, 171.

⁵³ Tooke, *op. cit.* ii, 162. The Bank had ceased to issue £1 notes, but a box containing £600,000 or £700,000 of £1 notes which had been put aside unused was accidentally found and the notes immediately issued (Porter, *Progress of the Nation*, 421).

⁵⁴ To secure the Bank the period was accelerated at which a law passed in 1823 (Stat. 4 Geo. IV, cap. 83) came into operation. This enacted that persons entrusted with goods for purposes of sale, and in whose name the goods were shipped, should be deemed the true owners thereof so far as to entitle creditors to have a claim on the goods in respect of advances made by them (Stat. 7 Geo. IV, cap. 7; *Hansard* (New Ser.), xiv, 1198).

⁵⁵ Porter, *op. cit.* 420.

⁵⁷ *Hansard* (3rd Ser.), xvii, 547.

⁵⁶ *Ann. Reg.* 1825, p. 124.

⁵⁸ *Ibid.* (New Ser.), xiv, 698. ⁵⁹ *Ibid.* 928.

of this fund operated to restore confidence,⁶⁰ and it was drawn upon to an extent of less than £400,000.⁶¹

Ministers attributed the commercial disasters to the over issue of small notes by the country banks, and their first measure on the reassembling of Parliament was to deal with this danger. An Act was quickly passed forbidding the stamping of any more of these notes and the circulation was to cease entirely in 1829.⁶² To meet the danger of an unduly sudden contraction of the issue, the Bank was permitted to stamp small notes until 10 October 1826. An extension of the measure to Scotland was strenuously resisted and finally abandoned.⁶³ Negotiations had been carried on with the directors of the Bank to persuade them to give up their exclusive privilege which limited the number of partners in any bank to six except within a certain distance of London. Ministers contended that the progress of the country during the last thirty or forty years had been so rapid and extensive that without new aid the Bank was no longer able to meet the demands of the times. Proof of this existed in the establishment of so many country banks, and the effect of the existing law was to permit every system of banking, except that which would be solid and secure.⁶⁴ With some reluctance the directors agreed to the proposal, and the establishment of joint-stock banks of issue outside a radius of 65 miles from London was legalized.⁶⁵ Baring and Huskisson wished to apply the principle of limited liability to these new banks, but the Bank of England would not give way on this point.⁶⁶

The trade boom of 1824-5 was productive of good in various directions. It caused the employment of a large amount of capital in local improvements, such as roads, canals, tramways, steamship companies and improvements in towns, river navigation, docks and harbours. In 1824 the St. Katherine Dock Company, the West India and General Steam Navigation Companies were started.⁶⁷ Railway schemes which fructified in the next decade were projected during the period. The Manchester and Liverpool, Birmingham and Liverpool and London and Birmingham Railways were started in 1825. The Stockton and Darlington Railway, an outcome of the developing coal trade, was completed in this year.⁶⁸ The application of steam as a motive power in ships was equally rapid, particularly after the decision of the Post Office to convey mails by steamboats.⁶⁹

The distress caused by the disasters of 1826 called attention once again to the Corn Laws. The price of corn was rising and there was apprehension of a deficient harvest.⁷⁰ Before Parliament adjourned ministers, after considerable opposition from the landed interest, obtained a discretionary power of permitting as necessity might require, during the recess, the importation of foreign corn on payment of a fixed duty,⁷¹ and of allowing bonded

⁶⁰ *Hansard* (New Ser.), xiv, 1199.

⁶¹ Stat. 7 Geo. IV, cap. 6; *Hansard* (New Ser.), xiv, 126, 165.

⁶² *Hansard* (New Ser.), xiv, 572, 1379.

⁶³ *Ann. Reg.* 1826, p. 57.

⁶⁴ Stat. 7 Geo. IV, cap. 46.

⁶⁵ *Hansard* (New Ser.), xiv, 209, 243.

⁶⁶ *Levi, Hist. of Brit. Commerce*, 184.

⁶⁷ Tooke, *Hist. of Prices*, ii, 170.

⁶⁸ *Hansard* (New Ser.), xiv, 126, 165.

⁶⁹ Powell and Tait, *Hist. of Engl.* 974.

⁷⁰ *The Empire and the Century*, 306.

⁷¹ Tooke, *op. cit.* ii, 136.

⁷² Stat. 7 Geo. IV, cap. 71.

wheat to come into the market at once on payment of a duty of 12s. a quarter.⁷² Importation of oats and other grain took place at the end of the year,⁷³ and in March 1827 Canning outlined the government plan for a change in the Corn Law. Under the new proposals the protecting duty was to be 20s. when the price was 60s., and the duty fell by 2s. for every shilling of increase in price above 60s., and increased by 2s. for every shilling decrease in the price below 60s. All duty except registration at the Custom House ceased when the price reached 70s.⁷⁴ The principle of reciprocity was maintained by the insertion of a clause giving the King in Council power to prohibit the import of grain from any country in which higher duties were levied on British produce, manufactures and shipping than were charged on those of foreign countries. The plan was approved by the House of Commons, but defeated in the Lords by an amendment moved by the Duke of Wellington.⁷⁵ A temporary Act was passed allowing the introduction into the home market of corn bonded before 1 July 1827 until May 1828, on the conditions of the Bill just abandoned,⁷⁶ and a measure founded on the same principle was introduced in 1828. Since the duties levied under the temporary Act were insufficient to prevent the production of 500,000 quarters of bonded corn when no foreign supply was necessary, a new scale of duties was proposed.⁷⁷ Wheat was to be subject to a duty of 25s. 8d. when the price of British wheat was 61s. and the duty was to be decreased by a shilling for every increase of a shilling in price until that price reached 67s. Then up to 69s. the duty was to decrease by 2s., up to 71s. by 3s., and up to 73s. by 4s. Above 73s. the duty should be a shilling, and under 61s. the duty rose a shilling for every shilling fall in price.⁷⁸

Hume opposed both Bills on the ground that they afforded undue protection to the landed interest, and moved for a fixed duty of 15s. a quarter on foreign wheat, with a yearly reduction of 1s. until the duty reached 10s., at which it should remain. He considered that corn should be treated as any other commodity, and ought to be bought in the cheapest market.⁷⁹ Sir Henry Parnell agreed 'that the policy of forcing a home supply by restraining importation was injurious to the public interests. There was no doubt that in the produce of manufactures capital might continue to be applied almost without limit, and that the result would be a reduction in the price of the article produced; but the case of agricultural produce was entirely different. The extent of the fertile land which we had to cultivate must determine the extent in which capital could be applied to cultivation with advantage.'⁸⁰ 'Every country that exported corn,' Parnell further pointed out, 'had taken umbrage at our having excluded 'their corn, and had retaliated by raising the duties on the importation of

⁷² Stat. 7 Geo. IV, cap. 70.

⁷³ Parliament was summoned 14 Nov. 1826 to grant an indemnity to ministers for admitting this grain before the averages had reached the importation price fixed by law.

⁷⁴ *Hansard* (New Ser.), xvi, 758, etc.

⁷⁵ Stat. 7 & 8 Geo. IV, cap. 57.

⁷⁶ *Ibid.* xvii, 1086.

⁷⁷ *Hansard* (New Ser.), xix, 31.

⁷⁸ Stat. 9 Geo. IV, cap. 60. The reciprocity clause was retained in this Act.

⁷⁹ *Hansard* (New Ser.), xvii, 95; xix, 208.

⁸⁰ *Ibid.* xvii, 102.

'our manufactures.'⁸¹ The idea of becoming dependent on a foreign supply was very generally disliked. Even Porter, an advanced free trader, though he advocated the repeal of the Corn Laws, argued 'that every country which 'makes great and rapid progress in population must make equal progress in 'the production of food,'⁸² and believed that under the stimulus of low prices, and by the judicious application of improvements already known, it was possible to provide for the whole population, without becoming habitually and increasingly importers of foreign grain.⁸³ The Marquis of Bristol considered it of vital importance that the soil of the empire should be made to feed the inhabitants. 'Secure me,' he said, 'against a large dependence on foreign corn (and, if it is once a large one it will also be a rapidly increasing one) and I care not how cheap you make the agricultural produce of the country ; all things will find their level accordingly ; but I hear measures advocated which would go to make a very large proportion of the English people, not occasionally and in bad seasons, but habitually and permanently, dependent upon foreign corn, and which would increase indefinitely the manufacturing population of the country. Against such a system I protest as strongly as the most decided agriculturist, because I know that it involves in it the inevitable surrender of that proud and independent station which we now hold among the nations of the world. . . . Fatal indeed would be the consequences of that system which would raise up new Manchesters and new Birminghams in every corner of the country, and leave them to be fed by precarious supplies drawn from distant countries over which we have no control, and raised by a foreign yeomanry, who contribute nothing to the peace, order and well-being of the community.'⁸⁴ The Bill of 1828 became law without much opposition in either House. Those who feared it would lead to speculation were justified, and the importation of corn became a gamble, the importers combining to raise home prices in order to import at lower duties,⁸⁵ while in times of scarcity they withheld supplies until wheat had reached famine price.⁸⁶ A fear expressed by Lord Howick that the high duties would prevent foreigners from cultivating for the English market, and would render them unable to supply us in periods of scarcity, was, he claimed, justified, for during the six years previous to 1838 the average price was so low that the duty would not admit of any profitable importation ; consequently, when a supply was required from abroad in 1839 there was no preparation to meet the demand.⁸⁷

Another manifestation of the growing power of the liberal party was the repeal of the combination laws in 1824. These Acts were passed in 1799 and 1800 as the result of the fear of clubs and associations of all descriptions which had been aroused by the French Revolution. By 1820 the fear was a thing of the past, and the horrors of the Revolution were a matter of tradition.⁸⁸ The policy of the Acts had been to prevent every kind of trade

⁸¹ *Hansard* (New Ser.), xvii, 104.

⁸² Porter, *Progress of the Nation* (ed. 1851), 138.

⁸³ *Ibid.* 142-3.

⁸⁴ *Hansard* (New Ser.), xix, 1348-9.

⁸⁵ Prothero, *English Farming Past and Present*, 273.

⁸⁶ *Hansard* (3rd Ser.), xvii, 1191 ; xlv, 421-2.

⁸⁷ *Ibid.* xlv, 530, 531.

⁸⁸ Dicey, *Law and Opinion in England*, 100.

combination, either of masters or men, but by the administration of the law it came about that masters could combine, though the workmen could not openly do so. Many workmen had suffered imprisonment for combining to raise wages, or to resist their reduction, and to regulate the hours of working, but in no case had a master, though prosecuted, been punished for combining to lower wages.⁸⁰

Francis Place, a tailor, of Charing Cross, who was one of Bentham's most ardent disciples, was mainly instrumental in bringing about the repeal of the laws. He retired from business in 1817, and devoted all his time to organizing campaigns for various reforms. His practice was to gather facts and arguments on the subjects in which he was interested, and prepare briefs for his friends among members of Parliament, who brought forward the Bills in the House. Joseph Hume, one of the leaders of the Radical Party, was his most devoted pupil, and through him Place worked for the repeal of the Combination Acts. In early life, as the organizer of a strike of London leather breeches makers, and later as an officer of various trade clubs, Place had felt the effects of the laws against combination, and in 1814 he began his campaign against them. For ten years he laboured at this work, but his known adherence to Malthusian principles alienated the workmen, who 'could not be persuaded to believe that the repeal of the laws was 'possible.'⁸⁰ The men's recognized leaders were absorbed in their efforts to obtain a share of political power, in the belief that this was a remedy for all their wrongs,⁸¹ and gave no assistance to Place. In 1822 Hume gave notice of his intention to bring in a Bill for the repeal of the laws,⁸² but Place realized that parliamentary opinion was not yet ripe for repeal,⁸³ and Hume found that the subject was surrounded with more difficulties than he had anticipated.⁸⁴ The Bill was therefore postponed.⁸⁵

In 1824 Hume moved for a select committee to inquire into the laws forbidding the emigration of artisans and the exportation of machinery, and the state of the combination laws. He stated that he was encouraged to enter upon this complicated subject, which involved the revision of forty-four Acts of Parliament, in consequence of the disposition shown by ministers to promote a simplification of the law, and showed that in all these three directions the law existed only to be violated, and in the case of the combination laws 'had tended to the exacerbation of the relations between masters and 'men.'⁸⁶ It had also, by necessitating secret methods, placed great power in the hands of the men's leaders, many of whom were unknown to the men themselves. Huskisson was sympathetic and admitted that the prohibitive laws had tended to multiply unlawful societies, for the moment the laws were

⁸⁰ *Hansard* (New Ser.), xi, 811-14.

⁸¹ Wallas, *Life of F. Place*, 203.

⁸² Cunningham, *Growth of English Industry and Commerce*, ii, 737.

⁸³ *Hansard* (New Ser.), x, 141.

⁸⁴ Wallas, *op. cit.* 206.

⁸⁵ *Hansard* (New Ser.), x, 141.

⁸⁶ *Ibid.* ix, 546.

⁸⁷ *Ibid.* x, 141-50. Nothing further was done as to the repeal of the Act prohibiting the exportation of machinery till 1841, when a committee reported on the subject, and 1843, when the Act was repealed (Webb, *Hist. of Trade Unionism*, 78).

made the workmen saw the injury they inflicted on them, and began to consider by what means they could be evaded.⁹⁷ The committee was appointed, and witnesses were carefully coached by Place, who also prepared copious notes for Hume. Place records that : ' The workmen were not easily managed. . . . They were filled with false notions, all attributing their distresses to wrong causes, . . . taxes, machinery, laws against combinations, the will of the masters, the conduct of the magistrates. . . . All expected a great and sudden rise of wages, when the combination laws should be repealed.'⁹⁸ At Place's suggestion the committee reported in the form of resolutions recommending the repeal of the Combination Acts and of the common law under which a peaceable meeting of masters or men might be prosecuted as a conspiracy, and proposing the enactment of such a law as might efficiently and by summary process punish either workmen or masters who by threats, intimidation or by acts of violence should interfere with perfect freedom in the employment of capital or labour. The Bills drawn up by Place embodying the resolutions passed the House of Commons and became law ' almost without the notice of members within or newspapers ' without.'⁹⁹

The effect of the repeal of the combination laws was very different from what Place had expected. He wrote in 1825 that ' combinations will ' soon cease to exist. Men have been kept together for long periods only by ' the oppression of the laws ; these being repealed, combinations will lose the ' matter which cements them into masses and they will fall to pieces.'¹⁰⁰ The immediate result of the repeal was, however, to cause the formation of a number of most violent combinations. This was partly due to the fact that 1824 and 1825 were periods of great activity in every branch of trade, and labour was in great demand. The men, believing that their wages had been kept down lower than they ought to have been, in many cases struck for higher pay in spite of the efforts of Place and Hume to restrain them. At Huskisson's suggestion Hume issued a warning to the workmen. He blamed them for attempting to impose upon their masters regulations far more arbitrary and degrading than those of which they had themselves so much complained. He hoped the recent successes of the masters who had withstood these attempts would teach workmen that their ungracious and impolitic conduct would drive their best friends to wish for a re-enactment of the old laws.¹ Particularly strong and violent combinations had been formed by shipwrights and seamen, and the complaints of the shipowners induced Huskisson to move for a committee to investigate the effects of the law of 1824. He did not suggest that the old laws should again be put into force, but he pointed out that some of the provisions of the Act of 1824, as to the exemption from liabilities to punishment for conspiracy, were of a very extraordinary nature. As a general principle he thought that every man

⁹⁷ *Hansard* (New Ser.), x, 149.

⁹⁸ Wallas, *op. cit.* 214.

⁹⁹ Stat. 5 Geo. IV, cap. 95, 96 ; Wallas, *op. cit.* 215-16.

¹⁰⁰ Wallas, *op. cit.* 217.

¹ *Hansard* (New Ser.), xii, 597-8.

had a right to carry his own labour to whatever market he pleased, and so to make the best of it ; but on the other hand he as strenuously contended for the perfect freedom of those who were to give employment to that labour. Theirs was the property which rendered that labour necessary, theirs was the machinery on which that labour was to be employed, theirs was the capital by which its employment was to be paid for. At least, therefore, they were entitled to equal freedom of action, and that property, that machinery and that capital ought to be as sacred and unfettered as the labour which was the admitted property of the workmen. If their right and title and freedom in all these matters could not be sustained, so neither could there be kept and retained in the country the means of employing labour, and the workmen themselves would be the victims of a delusive system of attempted influence and intimidation over the employers.² He drew attention to the constitution of some of the existing unions, which were not merely combinations of all the workmen of one employer against him, or even of one whole trade against the masters, but a systematic union of the workmen of many different trades, and referred to the system of making compulsory levies upon members, and of forbidding operatives to engage themselves for any given time or price without the consent of the committee of management. He looked with suspicion at the creation of presidents, permanent committees, etc., which he thought pointed to the existence of persons anxious for the enjoyment of power and distinction which they considered such posts would confer upon them. He thought the workmen were at liberty to take all proper means to secure wages to which they conceived they were entitled, but they were not at liberty to combine to dictate to their masters the mode in which they could conduct their business, or to enforce the principle that wages should be paid alike to every man whether he were a good workman or a bad one, or to encroach upon the liberty of their fellow workmen by forcing them to join the unions against their will. 'The tyranny of the many would, he apprehended, be worse than the tyranny of the few, and the conduct of those who kept up these combinations threatened to destroy the peace and prosperity of the manufacturing interests.'³ Place also had a great dislike to the larger trade unions. 'Depend upon it,' he said, 'nothing can be got by fraternizing with trade unions. They are founded upon principles of brutal tyranny and monopoly.'⁴ A committee was appointed and in spite of Place's efforts to prevent the repeal of the Act of 1824, by engineering petitions and producing witnesses before the committee, they reported in favour of its repeal.⁵

The new Act⁶ aimed at giving the workmen sufficient powers for the preservation of their own interest by permitting them to combine for the purpose of obtaining a rise of wages, while it afforded to the independent workman that protection to which it was conceived he was entitled.⁷ It imposed

² Huskisson, *Speeches*, ii, 368.

³ *Hansard* (New Ser.), xii, 1288 ; xiii, 354-5.

⁴ *Hansard* (New Ser.), xiii, 149-50, 298.

⁷ *Hansard* (New Ser.), xiii, 1400, 1458, 1462, 1478.

⁴ Dicey, *op. cit.* 199.

⁶ Stat. 6 Geo. IV, cap. 129.

penalties upon the use of threats or intimidation for any purpose which interfered with individual freedom on the part of workman or master, and conferred upon both masters and workmen a limited right to meet and agree together for settling the rate of wages and the terms they would accept or give.⁸ It repealed the old laws against combinations, but revived the law of conspiracy in regard to trade combinations. Thus any trade combination was a conspiracy unless it fell within the limited right of combination given by the Act.

During the sitting of the committee the combinations of seamen and shipwrights in the port of London and elsewhere had been delaying the repair and sailing of vessels, which were at that time in great demand, to such an extent that Huskisson introduced into the Registry Bill of 1825 a clause permitting the Privy Council to allow any shipowner who was unable to get his ship repaired or manned in England to do so in a foreign port and to make use of foreign seamen.⁹ This course met with general approval, and Ellice saw no reason why the British shipowner should not at all times have his ship repaired in the cheapest place.¹⁰

During the years of depression from 1826 onwards the trade union movement was practically extinguished. Several strikes against rapidly decreasing wages were unsuccessful and the movement became absorbed in the larger radical and socialistic agitations of the time.¹¹

Hume's committee had led to the repeal in 1824 of the laws restricting the emigration of skilled artisans to the Continent,¹² but the settlement clauses of the Poor Law imposed severe restrictions upon the freedom of movement of workmen in the United Kingdom. James Scarlett, afterwards Lord Abinger, Michael Nolan, Colonel Wood and others began in 1821 a campaign against the law of settlement which prevented a workman from seeking work outside his own parish, but the subject was too intimately connected with the other abuses of the Poor Law to permit of a remedy until the complete reform of the Poor Law in 1834.¹³

In February 1827 the Earl of Liverpool had a paralytic stroke, and his career as a minister came to an end. For some years the question of Catholic Emancipation had been an acknowledged source of difference of opinion among members of the ministry and the older Tory statesmen were not really friendly to the financial and commercial policy of their more progressive colleagues. Lord Liverpool's influence had kept the

⁸ Dicey has pointed out the fallacy of the criticism that to say it is lawful to combine to protect your own interests but unlawful to combine to injure your antagonist is taking away with one hand a right given with the other. In every ordinary contract there is in one sense a conflict of interests, the seller wishing to obtain the highest and the buyer to give the lowest price possible. The same thing might hold good of a strike where there was no coercion used towards third parties. The masters would offer what wages they chose and the workmen would combine to accept the best they could get. If oppression be excluded there need be no injury inflicted on either side. The free haggling of the market would fix the rate of wages. This view, whether right or wrong, was entertained by the reformers of 1824-5 (*Law and Opinion in England*, 193).

⁹ Stat. 6 Geo. IV, cap. 110.

¹¹ Webb, *Hist. of Trade Unionism*, 101.

¹² Stat. 5 Geo. IV, cap. 97.

¹⁰ *Hansard* (New Ser.), xiii, 1347-9.

¹³ See chap. iv.

discordant elements together, but with his removal these differences were no longer restrained, and the appointment of Canning, an avowed supporter of Catholic Emancipation, as First Lord of the Treasury, was immediately followed by the resignation of seven members of the cabinet. Canning with some difficulty formed a ministry with colleagues chosen from the ranks of the Whigs, but he died on 8 August, and Frederick J. Robinson, now Lord Goderich, became First Lord of the Treasury. With a few exceptions Canning's cabinet was continued, but Lord Goderich was not strong enough either in character or intellect to hold together the ill-assorted ministry, and on 8 January 1828 he resigned. The King sent for the Duke of Wellington and commissioned him to form a ministry. The Duke reconstructed the cabinet much as it had been under the Earl of Liverpool. Huskisson was at the Colonial Office, Grant at the Board of Trade, Goulburn became Chancellor of the Exchequer, and Peel returned to the Home Office. In May Huskisson, owing to some misunderstanding with the Duke of Wellington, tendered his resignation, which was accepted. His retirement was followed by the resignation of Grant, Lord Dudley, the Foreign Secretary, Viscount Palmerston, Secretary for War, and Lamb, afterwards Viscount Melbourne, Secretary for Ireland. The cabinet was then reconstructed on purely Tory lines, and the Canningites permanently joined the Whig party.

With the death of Lord Liverpool the period of reform of the commercial code came to an end. The brief and stormy administration of the Duke of Wellington was chiefly occupied with financial reforms and Catholic Relief. This latter measure was introduced mainly with a view of pacifying Ireland, although it gave political and civil rights and offices, with certain exceptions, to Roman Catholics throughout the United Kingdom. By the Irish penal code, drawn up in the latter part of the 17th and early part of the 18th century, the Roman Catholics of Ireland had been debarred from all participation in the government and the protection of the country, and were prejudiced in their titles to property and in the education of their children. They had been led to suppose that Catholic Emancipation would follow the Union, and the matter was frequently debated in Parliament, Bills in its favour being passed by small majorities in the Commons but thrown out in the Lords. It was, however, the Clare election of 1828, at which O'Connell, a Roman Catholic, was returned, and the repeal of the Test and Corporation Acts, whereby Dissenters were enabled to hold municipal and other offices, which showed Peel that emancipation could no longer be delayed. A Bill was therefore introduced by the government in 1829, which, after some heated debates, passed both Houses. The Act had little effect in pacifying Ireland, for no sooner was it passed than new grievances and fresh agitations arose, which again necessitated restrictive measures culminating in the Coercion Act of 1833.

Meanwhile the demand for Parliamentary reform became more insistent. The agitation had been taken up in 1817 by the Philosophic Radicals, followers of Jeremy Bentham. The earlier reformers had attracted attention

chiefly by their extravagances, the educated public being little impressed by them. They insisted that there was some inherent, unalienable right possessed by every man to be individually represented.¹⁴ The Radicals, taught by Bentham and James Mill, appealed to the educated classes. They discarded the whole doctrine of natural right and individual representation, and demanded an extensive constituency, as the only means of identifying the interests of the people and their representatives.¹⁵ Cobbett and Hunt were soon supplanted in popularity by Bentham, though he never appeared in public. His views were presented by James Mill and later by John Stuart Mill. Sir Francis Burdett, member for Westminster, was the first reformer to dissociate himself from the two historic parties and press the subject on purely Radical lines, and John Cam Hobhouse, afterwards Lord Broughton, Burdett's colleague at Westminster, ably seconded his efforts, which were directed to the attainment of universal suffrage, annual Parliaments, and vote by ballot. The Radicals, continually, in and out of Parliament, assailed the anomalies of the constitution, and a free press and constant political discussion among all classes wrought a gradual change in public opinion. The ends of government were more clearly defined, and a rational instead of a sentimental estimation of political institutions became common to all classes of the Kingdom.¹⁶

From 1821 the Whig party gradually identified itself with reform of a more moderate character than that proposed by Radicals. In 1829 Macaulay advanced the opinion that, while universal suffrage would be a revolution, the extension of the franchise to the middle classes would be a reform alike safe, moderate and final.¹⁷ This opinion, harmonizing with the growing importance of the middle classes, met with a ready acceptance, and the alliance between the Whig aristocrats and the manufacturers of the north became complete. From 1822 onwards Lord John Russell had repeatedly brought forward motions for moderate reform, but all were opposed by the Tories, who resisted on principle any change, and saw in any concession to expediency a deviation from principle.¹⁸ Huskisson, who was himself opposed to Parliamentary reform, 'taking his stand upon the aggregate excellence of our representative system, leaving to others to take what delight they may in hunting out the anomalies of its details,' pointed out the danger of the Tory policy. He quoted the words of Lord Bacon, 'that time has been and is the great innovator.' 'Time has raised these great interests, and it is the business of a statesman to move onwards with the new combinations which have grown around him. . . . This is an occasion to recollect the words of forecast and wisdom which are somewhere to be found in the writings of Mr. Burke, "Early reforms are amicable arrangements with a friendly power: late reforms, capitulations to a conquering enemy."' ¹⁹

George IV died on 26 June 1830, and Parliament was dissolved in

¹⁴ Roebuck, *Hist. of Whig Party*, 202-3.

¹⁵ *Ibid.*

¹⁶ *Cambridge Modern Hist.* x, 601.

¹⁷ Huskisson, *Speeches*, iii, 424-36. East Retford Disfranchisement, 5 May 1829.

¹⁸ *Ibid.* 343-4.

¹⁹ *Edinburgh Review*, xcix, 125.

July. Two days later the revolution took place which placed Louis Philippe on the throne of France. This was followed by a revolution in Belgium, and the spirit of discontent which had long been smouldering in England immediately burst into flame. Rioting and rick-burning broke out among the agricultural labourers of Kent, and rapidly spread throughout the southern counties. To the Radical reformers of London and elsewhere an organized rising began to seem a reasonable and safe method of solving constitutional difficulties.²⁰ It was inferred from the King's Speech in November that ministers intended to adopt a policy of coercion towards Belgium, and Thomas Attwood, founder of the formidable Birmingham Political Union, with a programme of manhood suffrage and paper money, proposed that an association should be formed to refuse payment of taxes if the interference of ministers should involve England in a continental war.²¹ A storm of popular indignation was aroused by the Duke of Wellington's declaration of hostility to any measure of reform, on the assembling of Parliament on 2 November.²² On the 15th ministers were defeated on the Civil List, and resigned.

Lord Grey accepted office on the understanding that reform was to be made a cabinet measure.²³ He appointed a committee of four members, Lord John Russell, Lord Durham, Lord Duncannon and Sir James Graham, to draft a Reform Bill. Lord Grey was persuaded that none but a large measure would be a safe measure.²⁴ 'To cramp reform by pedantic adherence 'to existing rights would be to deceive expectation and bring on that revolution 'which is our object to avert.'²⁵ The object with which the committee set out was to cut away what was rotten in the old system, to preserve what was worth preserving, and to introduce what would strengthen and improve.²⁶ Lord Durham drew up a report²⁷ on a plan devised by Lord John Russell, in which he stated: 'We are convinced that it is the desire of ministers to effect such a permanent settlement of the great and important question as will no longer render the agitation subservient to the designs of the factious and discontented; but by its wise and comprehensive provisions inspire all classes of the community with a conviction that their rights and privileges are at length duly secured and consolidated.' He thought the plan of reform ought 'to satisfy all reasonable demands and remove all rational grounds of 'complaint from the minds of the intelligent and independent portion of the 'community.' The Committee proposed to disfranchise all boroughs the population of which amounted to less than 2,000 and to deprive of one member all those whose population was less than 4,000. The purification of the latter class of borough, as well as of those cities and boroughs where the right of voting was enjoyed by close corporations, was to be ensured by the extension of the franchise to £20 householders. The franchise was to be extended to all large towns of more than 10,000 inhabitants, and the right of voting vested in £20 householders. In adopting this limit the committee

²⁰ Wallas, *Life of F. Place*, 244.

²² *Hansard* (3rd Ser.), i, 52-3.

²³ Earl Russell, *An Essay on the English Government and Constitution*, 247.

²⁴ *Ibid.*

²⁵ Printed in *Correspondence of Earl Grey and William IV*, App. A.

²¹ *Ibid.* 251.

²³ *Ibid.* vii, 933.

²⁴ *Ibid.* 935.

believed they had granted the franchise to a constituent body 'including all the intelligence and respectability of the independent classes of society.' They provided for the gradual extinction of all the multifarious and inconvenient rights of voting then in existence, and hoped that, by the creation of independent constituencies, corruption would be abolished. They proposed to give additional members to counties whose population amounted to more than 150,000, leaving untouched the 40s. freehold franchise, but enfranchising leaseholders of £50 and copyholders of £10. They recommended the adoption of the ballot, and proposed that the duration of Parliament should be five years. In deference to the objections of Lord Grey, the ballot was struck out of the scheme, and in consequence of criticisms by the cabinet the borough franchise was extended to £10 householders,²⁸ and the proposal for limiting the duration of Parliament was rejected. The first Reform Bill, incorporating this plan, was introduced in the House of Commons by Lord John Russell on 1 March 1831,²⁹ and passed the second reading by a majority of one on 22 March.³⁰ Ministers were defeated on 19 April on General Gascoyne's motion that the total number of members for England and Wales ought to be diminished,³¹ and Parliament was dissolved on 22 April. The Whigs were returned with a greatly increased majority, and the Bill was re-introduced in June,³² and passed by the Commons in September.³³ It was introduced into the House of Lords by Earl Grey, but thrown out on the second reading in October.³⁴ Popular agitation had until this time been peaceful, but now rioting broke out in all parts of the country, expressing the popular indignation.

After some alterations had been made in the Bill it was again introduced by Lord John Russell in the Commons on 12 December,³⁵ and was passed in March 1832.³⁶ In May it was again thrown out by the Lords³⁷ and Lord Grey resigned,³⁸ but the Duke of Wellington and Lord Lyndhurst were unable to form an administration, and Grey's ministry was recalled. The Reform Bill was finally passed amid scenes of great popular excitement on 4 June 1832,³⁹ and Bills for Ireland and Scotland were passed in July.⁴⁰ The Act as finally passed differed in some respects from the Bill originally introduced, but the principle, namely, to confer the franchise on the middle classes remained unchanged.⁴¹

²⁸ Spencer Walpole, *Life of Lord John Russell*, i, 72-3.

²⁹ *Hansard* (3rd Ser.), ii, 1061.

³⁰ *Ibid.* iii, 804.

³¹ *Ibid.* 1688.

³² *Ibid.* iv, 322.

³³ *Ibid.* xiii, 374. In August 1832 Hunt presented a petition from Mary Smith of Stanmore asking for votes for unmarried women possessing the necessary pecuniary qualification (*ibid.* xiv, 1086).

⁴⁰ *Ibid.* 350, 901

³³ *Ibid.* vii, 378.

³⁴ *Ibid.* viii, 340.

³⁵ *Ibid.* ix, 156.

³⁶ *Ibid.* xi, 850.

³⁷ *Ibid.* xii, 724.

³⁸ *Ibid.* 759.

⁴¹ Stat. 2 Will. IV, cap. 45.

CHAPTER IV

THE REFORM PARLIAMENT

(1830 to 1841)

THE Reformed Parliament met on 29 January 1833, the Whigs being in a large majority. The Irish under Daniel O'Connell and the Radicals under Joseph Hume formed new political groups. Peel accepted the situation created by the Reform Act and the name 'Conservative' was adopted by his followers, who desired to free themselves from an appellation associated with the worst features of the old system of government.¹ The Whigs adopted the name of 'Liberal,' under which designation they hoped extreme Radicals and Reformers would be willing to serve.² Before 1832 the Tory Party had consisted almost exclusively of landowners, but to it was now added an infusion of traders and manufacturers who had little in common with the Toryism of Eldon and Sidmouth. The older Toryism, however, remained strongly entrenched in the House of Lords, under Lord Lyndhurst. The Radicals were returned to the Reformed Parliament in considerable strength. They were represented by the demagogues William Cobbett, 'Orator' Hunt and Thomas Attwood, the Birmingham agitator, and by politicians of a higher order, such as Hume, Grote, Molesworth and Roebuck, trained in the school of Bentham and in close touch with the two Mills, and Francis Place. Many members of all these parties were strongly individualistic in principles. The attitude of the Whigs was stated by Poulett Thomson, who said that the principles of political economy 'served as a fixed line to guide him, but he had never asserted that 'they were to approach that line under all circumstances and at all times.'² A similar attitude was adopted by Peel and his followers. This difference between Whigs and Tories on the one hand and Radicals on the other is clearly shown in the debates on the Truck Act, which appeared to the former a necessary reform and to the latter an unwarrantable interference with the liberty of the subject. O'Connell was an avowed disciple of Bentham, and attached to theory as devotedly as the Radicals. His enthusiasm for the repeal of the Union prevented him from furthering the true interests of Ireland to the degree which his popularity would have made possible. The Humanitarians, as they were later called, also formed a powerful group in the new Parliament. They were the political descendants of Wilberforce and Clarkson, and had no admiration for the 'dismal science.' To this school of

¹ Spencer Walpole, *Hist. of Engl.*, iii, 362.

² The term 'Conservative' was first used by J. W. Croker in an article published 1 January 1830. 'Liberal' occurs in the *Quarterly Review* in 1816, and comes from France or Spain. 'Radical' is derived from the expression 'Radical reformer,' which occurs as early as 1786. See *New Engl. Dict.*

³ *Hansard* (3rd Ser.), v, 1174.

thought belonged Lord Ashley, John Fielden, John Maxwell, Sir Thomas Fowell Buxton and others whose principles were those of the philanthropists desirous to relieve the sufferings of workers unable to help and protect themselves. Although they disowned any socialistic leanings, the measures they advocated paved the way for later socialistic legislation and gained for them the support of the socialists of the day.

The reforms undertaken by Lord Grey's government soon showed the necessity for some changes in methods of administration to meet the growing needs of a more complex social order. In the 18th century an absolute centralization of legislative power was combined with an utter absence of administrative centralization. The governing classes met in Parliament merely to distribute the various administrative functions among themselves.⁴ Such measures as the Amendment of the Poor Law in 1834 and the Factory Act of 1833 made necessary the centralization of authority in order to secure impartiality and freedom from local bias. Tories like Disraeli deplored the tendency of modern legislation, while admitting that it was in some degree a necessary consequence of progressive civilization, and tended in some instances to the convenience of society. Disraeli believed that 'the liberties of this country were mainly dependent upon the wider distribution of privilege and duty, and that the immediate tendency of this new principle . . . had been to destroy general privilege and to decrease general duty. Undoubtedly it might be much more convenient—undoubtedly it might turn out to be more cheap, that we should have a government in the metropolis which should discharge the duties of society, but . . . the consequence might be that, in making the government strong, society might be made weak; whereas the great boast of the country had been that society was strong and government weak.'⁵ It was left for later generations to attempt to combine central control with a wide diffusion of interest and a large co-operation of citizens in their several districts, through local governing bodies.

Lord Grey resigned in 1834 and Lord Melbourne became Prime Minister. Melbourne had been Home Secretary under Lord Grey, and had administered the office with unexpected ability. He was not an ardent reformer and expected little from legislation, but his indifference was partly assumed. 'By sceptical observers,' wrote Albany Fonblanque, a journalist of distinction and historian of his own period, 'he has been taken for a trifler, for no better reason than that he trifles so well; but who in the next breath reasons more acutely or brings readier or ampler knowledge to bear on any question that arises.'⁶ Lord Althorp, who had been Chancellor of the Exchequer and leader of the House of Commons under Lord Grey, retained these offices, which he had accepted with great reluctance in 1831. Official life was distasteful to him and he was a bad speaker, shy and unambitious. In spite of the doubts of some members of the party, his rare integrity and ability soon won for him recognition as 'the best leader of the House of Commons that any party

⁴ Leslie Stephen, *English Utilitarians*, i, 30.

⁵ *Hansard* (3rd Ser.), lvi, 381.

⁶ Quoted in *Cambridge Mod. Hist.* x, 665.

'ever had,'⁷ and his influence over the House became paramount. In 1835 Lord Althorp succeeded as third Earl Spencer, and when Lord Melbourne wrote to take the King's pleasure as to whether other arrangements should be made, on the ground that the government was mainly founded on the personal influence of Lord Althorp, the King gladly accepted his resignation. Peel then became First Lord of the Treasury, but was unable to secure a majority in the House, and Melbourne was recalled. Melbourne's second administration was remarkable for the rise in political influence of Lord John Russell, who now became Home Secretary. As leader of the Opposition during Peel's short administration, his ability had caused surprise to all parties, and for the next six years he became the chief director of the domestic policy of the government.

The most important matter of consideration at this time was finance, the policy of Grey's ministry being founded on Sir Henry Parnell's book, *On Financial Reform*, published in 1830.⁸ Parnell advocated the abolition of all taxes on the raw material of industry and of excise duties on home manufactures, the reduction of duties on luxuries to a degree which would discourage smuggling, and of all high duties which by reducing consumption impaired the revenue, and the abolition of all monopolies and protecting duties. To make good the deficit of revenue which such a reduction would entail he advocated an income tax. He was also an advocate of retrenchment, and Lord Grey, on taking office, instituted a commission to inquire into the possibility of reducing official salaries. It was found, however, that the measures of former governments had been so effective in this matter that little more could be accomplished.⁹

In attempting to carry out Parnell's financial policy Grey's government met with the same difficulties which had impeded Liverpool's ministry, and it was not until later, under Peel and Gladstone, that complete effect was given to it. An ambitious attempt at reform made by Lord Althorp in his first budget, in 1831, met with no success. His actual surplus was only £300,000 leaving no margin for reduction of taxation, but he proposed by reducing taxes which pressed on industry, and imposing others, to render the incidence more fair. By reducing taxes on tobacco, newspapers, stamps and advertisements he hoped to increase consumption, and by repealing those on sea-borne coal, printed calicoes and glass, to remove impediments to industry.

He was unable to make other alterations in duties and taxes,¹⁰ and his proposal to raise the duty on colonial timber and decrease that on Baltic timber met with even less success than that of its predecessors. The extent of protection which colonial timber enjoyed under the existing system was illustrated by a practice which had grown up of shipping timber from the Baltic ports to Canada, and reshipping it to England under the lower duties.¹¹ A committee appointed to inquire into the subject of the

⁷ *Dict. Nat. Biog.* * *Hansard* (3rd Ser.), ii, 407. * *Ibid.* 404. ¹⁰ *Ibid.* 403 *et seq.*

¹¹ *Ibid.* xxvii, 213. An Act was passed in 1835 to prevent this practice (Stat. 5 & 6 Will. IV, cap. 40).

duties in 1835 reported in favour of a considerable reduction of the impost on European timber, but no legislation was founded upon their report.

A proposal by Lord Althorp to equalize the duties on foreign and Cape wines raised two important questions, namely, the relations of Great Britain with Portugal under the Methuen treaty and the protection due to Cape wine, which under the existing law entered this country under considerably lower duties than foreign wine. The claims of the colonists were recognized by making the increase in the duty on Cape wine small and gradual, and enacting that it should always be less than that on foreign wine. Under the Methuen treaty (1703), and a subsequent treaty of 1810, Portuguese wine entered this country at a duty one-third less than that charged on French wine, while our woollens and manufactured goods entered Portugal at a duty not to exceed 15 per cent. The Whigs were extremely desirous to place our trade with France on a more friendly footing, believing that 'commercial amity and alliance with France ought to be the chief care of statesmen who desired to preserve the peace of Europe.'¹² A reciprocity treaty contracted in 1826 had not been successful in increasing the exports to France, and it was believed that our preferential treatment of Portuguese wines militated against friendly relations with France. The advisability of putting an end to the Methuen treaty had been discussed by Wellington's government, and though they were legally advised that they had the right to set themselves free by paying the penalty in the exclusion of British woollen goods the idea of 'thus casting off one of England's most ancient and faithful allies' had been dismissed.¹³ In spite of protests Lord Althorp's measure for abolishing the preference on Portuguese and Cape wines was passed.¹⁴

A systematic reduction of the customs duties was effected by Poulett Thomson, both as Vice-President and later as President of the Board of Trade,¹⁵ but his reforms were of slight importance and did not attract the attention of the public in the same way as Huskisson's measures of 1824-5 and those of Sir Robert Peel which followed later.¹⁶ In 1840 Hume obtained a committee to inquire into the import duties.¹⁷ The committee's report marked a considerable advance in the direction of free trade. It stated that the tariff of the United Kingdom presented neither congruity nor unity of purpose; no general principle seemed to have been applied. In spite of the improvements introduced in 1825, the schedule of 1840 enumerated no fewer than 1,150 different rates of duty chargeable on imported articles, and all other commodities paid duty as unenumerated articles. The tariff, instead of making the receipt of revenue the main consideration, allowed that primary object of fiscal regulation to be thwarted by an attempt to protect a great variety of particular interests at the expense alike of revenue and of commercial intercourse with other countries. The committee drew attention to the effects of

¹² *Hansard* (3rd Ser.), vi, 437.

¹³ *Ibid.* iv, 1054, 1057.

¹⁴ *Hansard* (3rd Ser.), xxxv, 199, 739; Stat. 3 & 4 Will. IV, cap. 50-8.

¹⁵ *Hansard* (3rd Ser.), xlv, 337.

¹⁶ Stat. 1 & 2 Will. IV, cap. 30.

¹⁷ *Ibid.* liii, 1305.

prohibitory and high protective duties in imposing an indirect tax on consumers, which eventually went, not into the Treasury, but into the pockets of the protected manufacturer. They objected to the differential duties in favour of colonial produce, and thought these might be abolished without difficulty if the colonies were allowed free trade with all the world. They believed that 'liberalizing' the tariff of Great Britain would lead to similar favourable changes in the tariffs of other nations, and feared that a persistence in our illiberal policy would induce other nations to increase their imposts against the products of British labour. They recommended a reconsideration of the whole system, and thought that the necessary revenue could be raised by duties on a small number of articles which had in the past been found most productive,¹⁸ if the amount of each impost was carefully considered with a view to the greatest consumption of the article. Such a simplification they believed would vastly facilitate the transactions of commerce and diminish the cost of collection of the revenue, and by giving an example to the world at large would consolidate the great interests of peace and commerce by associating them intimately and permanently with the prosperity of the whole family of nations.

The Whig administration had since 1835 been losing the confidence of the country, and an attempt by Sir Francis Baring to act upon the recommendations of the committee in framing his budget for 1841 led to the fall of the government, and it was left to Sir Robert Peel to carry out the recommendations of Hume's committee.

Early in 1841, as a first step towards the reduction of the differential duties on colonial produce, Henry Labouchere, then President of the Board of Trade, had introduced a Bill by which the high duties imposed on the importation of foreign goods into the colonies, by the Colonial Trade Bill of 1825, were subjected to considerable reduction and the remaining absolute prohibitions were removed. Labouchere pointed out that by perseverance in a system of monopoly and exclusion other great colonial empires had fallen to pieces, and that we should aim at placing colonial legislatures under as little restriction as possible.¹⁹ Goulburn, an exponent of the older colonial theories, objected to the proposals as inflicting injury on the interests of the mother country. The rule had hitherto been that, in return for the protection which Great Britain afforded to her colonies, she was secured the colonial market for her produce and the encouragement of her shipping.²⁰ This measure was not passed before the fall of the Whig ministry, but it was adopted by Sir Robert Peel's government and passed in 1842.²¹

Turning now to the cognate subject of the internal taxes on commodities, the point of departure is again to be found in Parnell's book. He had pointed out the injurious effects on trade of the excise laws. The manufacturer was

¹⁸ In 1839 94½ per cent. of the customs receipts came from seventeen articles (*Rep. from Select Com. on Import Duties*, iv).

¹⁹ *Hansard* (3rd Ser.), lvii, 155, 162.

²⁰ *Ibid.* 887-8. Goulburn had in 1819 described this officially as 'the Colonial system of the Empire' (*Cambr. Mod. Hist.* x, 585).

²¹ Stat. 5 & 6 Vict., cap. 49.

compelled by these laws to conform to prescribed methods of carrying on his business, and these vexatious regulations increased the cost of manufacture, raised the price to the consumer, and often caused the deterioration in quality of the goods.²² A commission was therefore appointed in 1838 to consider the excise laws, and their report resulted in the removal of many restrictions which had been imposed by the Treasury.²³ The effects of the excise laws had been specially injurious, they reported, in the paper, glass and soap manufactures. The duties on paper not only hindered the extension of knowledge by means of books and newspapers, but also prevented improvement in the manufacture. When the tax was first levied, second-class paper had been made from old ropes and cordage, then a cheap and plentiful material, while first-class paper was made from linen rags. The smell of the tar in the ropes²⁴ provided an easy means of distinguishing between the two classes. Old rope had since become scarce and dear owing partly to the small wear and tear on it in times of peace, and partly to the great extent to which iron cable had been substituted for it. Other suitable materials had been found for making paper, and the difficulty of classification led to much unfairness in the incidence of the duties.²⁵ The excise duties on glass prevented the progress of invention and improvement not only as regarded glass itself but in different arts and sciences to which it was subsidiary. Our manufactures were being displaced by those of Germany, and it was asserted that the manufacture of telescope glass had been transferred to foreign countries, since the excise regulations would not permit the number of fusions necessary to obtain uniformity of texture.²⁶ As a characteristic example of the operation of the excise laws the commissioners instanced the case of a chemist who had discovered that refuse of crown glass made very good bottle glass, but was not permitted to manufacture bottle glass in this way lest he should produce goods so fine as to come into competition with the more heavily taxed flint glass. Bottle glass was for many purposes of science more suitable than flint glass, but, since its use was permitted only for bottles of a certain capacity, chemists were obliged in many cases to use Italian bottles known as 'Florence flasks.'²⁷ The duties on glass were reduced in 1838 and 1840, but were not finally abolished until 1845.²⁸ The paper duties were reduced in 1836, and repealed in 1861.²⁹ Some of the excise regulations on soap were removed and the

²² *On Financial Reform* (ed. 1838), 26.

²³ *Hansard* (3rd Ser.), xli, 1206.

²⁴ The manufacturers soon discovered a means of neutralizing the smell of the tar.

²⁵ *Fourteenth Rep. of Com. of Inquiry into the Excise Establishment*; *Hansard* (3rd Ser.), xxxi, 870.

²⁶ Dollond was at this period manufacturing 'those large telescopes, at present so much talked of,' and his progress was much hindered by the necessity for obtaining for each experiment a separate permission, which could only be obtained by petition, which took three or four months to get through. Having, after several experiments, obtained glass of the necessary homogeneity, he was again brought to a standstill by the refusal of the excise officers to allow any variety in the thickness of the plates.

²⁷ *Thirteenth Report of Com. of Excise Inquiry*; *Hansard* (3rd Ser.), xli, 1199 *et seq.*

²⁸ *Hansard* (3rd Ser.), xlii, 285; liii, 249; *Dowell, Taxation and Taxes*, iv, 303.

²⁹ *Dowell, Taxation and Taxes*, iv, 328-30.

forty Acts affecting them were consolidated in 1840, and in 1853 the duties were repealed.³⁰

Returning to the question of tariffs, the policy of reciprocity of customs duties, introduced by Huskisson in the Act for the Consolidation of the Customs in 1825, was gradually abandoned during this period.³¹ As Lord Liverpool had foreseen in 1820, this principle could not be fairly carried out while the country maintained the heavy protective duties on agricultural produce. The tariffs of foreign countries, instead of being lowered in our favour, were in almost all instances raised against us.

Retaliation against the English Corn Laws was not, however, the only motive inducing foreign states to resort to protective tariffs. Englishmen were accustomed to regard England as the home of manufactures and other countries as mere sources of supply of the raw materials. They could not understand the dread by foreign states of an influx of English goods, and their desire to protect their infant industries which had grown up under Napoleon's continental system. The tendency of foreign countries to adopt protective measures was regarded with great apprehension by British manufacturers, and was assigned to various quite insufficient causes, such as incompetent English statesmanship, political hostility or retaliation.

The efforts of the Whigs to conciliate France did not produce any considerable change in the French tariff, and seem to have been detrimental to Great Britain's relations with other countries. The result of the concessions with regard to French wines was that in 1834 the Portuguese government reduced the duties on all foreign imports to 15 per cent. *ad valorem*, thus placing all other nations on the same footing as Great Britain.³² In 1836 they raised the import duties to 29 per cent., while negotiations were still pending with this country for a commercial treaty, and in 1837 a new prohibitory tariff was promulgated.³³

Relations between Holland and Great Britain were disturbed in 1831 by the negotiations regarding the separation of Belgium and Holland. Certain of the Belgian fortresses, which France looked upon as a menace, were to be dismantled. Lord Althorp, in explaining the situation in the House of Commons, pointed out that, since Belgium could not garrison the fortresses effectively, in case of war, France could easily seize and make them the base of her operations, so that instead of being a protection they would be a means of assaulting Belgium. If Europe required a guarantee against the attacks of France, the acknowledgement of the perfect neutrality of Belgium by France, in conjunction with all the great powers, seemed much more likely to secure that object than keeping up a few weakly garrisoned fortresses. He

³⁰ *Hansard* (3rd Ser.), liii, 1118; Stat 3 & 4 Vict., cap. 49; Dowell, *op. cit.* iv, 321.

³¹ Robinson, member for Worcester, speaking in 1832, complained that 'gentlemen opposite seem to ridicule the idea of stipulating for advantages in return for concessions on our part. Their policy is to give freely and to hope constantly, and, absurd as such an idea is in itself, it is rendered doubly so when persevered in after twelve years of utter failure and disappointment' (*Hansard* [3rd Ser.], xii, 1319).

³² *Hansard* (3rd Ser.), xxiii, 786; *Ann. Reg.* 1835, pp. 469-70.

³³ *Ann. Reg.* 1837, p. 322.

was sure it would be for the interest of England and other powers that Belgium should be a neutral state, and it must be the interest of France to feel that a part of her frontier was secure against the attacks of an enemy.³⁴ Since Holland would not comply with the demands of France and England as to the cession of the citadel of Antwerp, an embargo was laid in November 1832 on all Dutch vessels in British ports and all commerce with Holland was stopped. Protests were raised by British merchants,³⁵ and Sir Robert Peel protested in the House of Commons against the seizure of Dutch vessels on the high seas while we were at peace with Holland.³⁶ The difficulty was finally settled by the surrender of Antwerp by the Dutch.

The Zollverein or tariff union of the German states had its origin in the early part of the 19th century and was the outcome of a desire for national unity. The strong agricultural party in Prussia, anxious to facilitate the exportation of their corn and influenced by the writings of Adam Smith,³⁷ had procured the establishment of a policy approximating to free trade in their own state by the Tariff Act of 1818. This was followed by an agitation against the separate customs systems prevailing in each of the thirty-nine states of Germany, which caused considerable inconvenience to commerce. At first the states of the north, middle and south each formed a customs union but most of the states were gradually brought together by a series of treaties and the Zollverein came into force on 1 January 1834.

The general principle of the system was a common tariff based on the rates in force in Prussia against all states outside the union, and the abolition of all duties on commodities passing from one member of the union to another. The obvious benefits to the states included in the union resulted in its renewal in 1841. Since the Prussian Tariff Act of 1818, however, manufacturing interests had greatly developed, and the writings of Friedrich List, the German economist, had strongly influenced German traders. List, who foresaw a great industrial future for Germany, contended that protection was essential for her advancement from the agricultural state 'to a higher stage of combined industry and agriculture,' and based his theory on the industrial power which Britain had acquired under protection.³⁸ To whatever causes the promotion of the Zollverein may have been due, its establishment greatly affected the political situation. As Disraeli pointed out in a speech in the House of Commons on 1 April 1840, 'by the machinery of the commercial union Prussia had conquered Germany in peace. That union had done as much for Prussia as another Frederick the Great could have done. Throughout the whole of the immense territory embraced within the union custom houses were established, at which inspectors in the Prussian uniform were stationed, and in every quarter the money of Prussia passed current. It would be ridiculous to contend that the whole of these countries were not essentially Prussian. If Prussia had conquered them by the arms of her

³⁴ *Hansard* (3rd Ser.), v, 272-3.

³⁵ *Ann. Reg.* 1832, p. 298.

³⁶ *Hansard* (3rd Ser.), xv, 770.

³⁷ Percy Ashley, *Modern Tariff Hist.* 4.

³⁸ *Ibid.* 12, 21.

generals, the acquisition could not have been more complete.’³⁹ The new situation was regarded with alarm in England and attributed to various motives. William Ewart, member for Liverpool, believed our exclusion of Baltic timber was turning the Germans against us and that by making concessions on that point we could make the formation of the confederacy an opportunity of extending our trade with Germany. Failing these concessions, he feared the Germans would become a formidable rival to England in manufactures, should their characteristic *vis inertiae* once be moved in that direction.⁴⁰ Poulett Thomson had evidence to show that the confederacy was aimed against the Corn Laws, and warned the House that, if they postponed any alterations, ‘that combination would have spread so widely and become so deeply rooted that it would be inaccessible to argument and impossible to be overturned.’⁴¹ When accused of not having made any effort to prevent the Union, he stated that very urgent representations had been made on the subject and a treaty with Frankfort had been made with a view to checking it. Our efforts had been ineffectual because they had not been begun at an earlier date and we were not able to offer Prussia the concessions she had a right to expect.⁴² Baring believed that if Lord Palmerston had maintained our former friendly relations with the German states no such injurious course would ever have been adopted by them towards us. ‘But such was the manner in which the noble lord had chosen to follow up his little experiment of erecting a petty monarchy in Belgium that even Holland, although in general most favourable to the principles of free trade, concurred with Prussia in her commercial arrangements.’⁴³

Cutlar Fergusson thought the confederacy had no connexion with the Corn Laws. Prussia believed it was by a system of tariffs that we reared our manufactures, and brought them to the perfection they had attained. France, Russia and America all had the same object in protecting their manufactures.⁴⁴ According to Benjamin Disraeli, in his speech already referred to, the League had taken its origin in jealousy of France.⁴⁵ He maintained that Napoleon’s restrictive system had benefited Germany, which in consequence enjoyed an extensive market in France, but when the French government, on the fall of Napoleon, was confined within the ancient limits of France the loss of the market caused great discontent in Germany. He asked the House to be on its guard ‘against the enormous proposition that the industry of foreign nations was to be regulated by a mere devotion to our interests and necessities. . . . However we might modify our own tariff, the industry of other nations would ramify into various courses and establish opposing interests in the same community. His object was to impress on the House that the assumption which prevailed in this country that the changes in the tariffs of other states were the result of the measures or wishes of this country was an error. Other countries could not always be thinking of us: they had their own interests to look to.’⁴⁶ To allay the

³⁹ *Hansard* (3rd Ser.), liii, 384.

⁴⁰ *Ibid.* xxii, 433.

⁴¹ *Ibid.* xxi, 1195, 1306.

⁴² *Ibid.* xxiii, 798.

⁴³ *Ibid.* xxi, 105.

⁴⁴ *Ibid.* 1335.

⁴⁵ *Ibid.* xli, 940.

⁴⁶ *Ibid.* liii, 381-4.

feeling of alarm the government sent out John Bowring, the linguist and traveller, in 1839, to inquire into the working of the Zollverein. In the following year he reported favourably on the Prussian Commercial Union, as it was called.⁴⁷ He considered that under enlightened guidance the Zollverein might become an instrument not only for promoting the peace and prosperity of the states that compose it but also of extending their friendly relations with the rest of the world. The Zollverein, while it encouraged unrestricted intercommunication between the confederated states, had adopted measures of self-defence against the hostile legislation of foreign nations. Bowring thought 'it would become a very mighty political engine which 'would be brought to bear with great power upon the future concerns of 'Europe and the world at large.'⁴⁸ Already the promoters of the Union had put forward three *desiderata*—more coasts, more ports and more shipping—and had lamented that the North Sea harbours were not in their hands. The principle of their tariff was to admit raw material and materials required for agriculture and manufacture either at very low duties or without duties.⁴⁹

While in Germany the organization of trade was being pursued by restrictive measures we were adopting a policy for the freedom of commerce. The trade with India had been thrown open to the public under certain conditions in 1813, but the tea trade and the trade with China were reserved exclusively to the East India Company. Since the report of the committee on foreign trade in 1821 the exclusive rights of the company had been looked upon as a grievance by the public. Private trade could only be carried on by licence from the company and it was confined to the presidencies of Bombay, Madras and Calcutta and the port of Penang, and the committee believed it might be extended to the coasts of Coromandel and Malabar. The coasting trade was also forbidden to the private trader. The opening of the free port of Singapore had been attended with such good results that it was believed that more free ports might be opened with great advantage. The committee had reported that ships of a smaller burden than those permitted under the East India Company's charter would be convenient in trade with the native powers in the Gulf of Persia, the Red Sea, and the East Coast of Africa, as well as with the islands and countries eastward of the company's dominions in Asia. Negotiations had been entered into with the Directors in 1821, but they refused to waive their rights as regarded the tonnage of vessels used in the trade, unless, in return, their vessels were placed on the same footing as British vessels with regard to registry, and East India sugar admitted into England on the same terms as that from the West Indies. Since this could not be conceded, nothing could be done to increase the facilities of the private trader beyond legalizing circuitous trade with India.⁵⁰ In 1823 the restriction which prevented British vessels of less than 350 tons⁵¹ from engaging in this trade, was removed. The tea trade

⁴⁷ Benj. Rand, *Selections Illustrating Economic Hist.* (5th ed.), 170.

⁴⁸ *Ibid.* 173.

⁴⁹ *Ibid.* 185.

⁵⁰ Stat. 1 & 2 Geo. IV, cap. 65.

⁵¹ The reason for this restriction was the danger from piracy and smuggling.

and the China trade were still exclusively confined to the company, though the demand of the company with regard to the registry of their ships was conceded.⁵²

The company's charter expired in 1834 and committees were appointed in 1830 and in the two following years to inquire into the company's affairs and to report as to the expediency of renewing the charter. In view of their reports and the strong public opinion against the renewal, ministers decided to abolish the company's monopoly of trade, while the political government of India was to be continued in the company for another twenty years. Charles Grant, in introducing the government proposals, declared that the government of India for the last forty years had, with all its faults and imperfections, proved of the greatest benefit to the people of that country. It was such as they required, giving, as it did, ample security to person and property, but its efficiency was marred by its union with trade. With this anomaly they intended to do away, as it had proved prejudicial even to the interests of commerce. He admitted that the opening of the China trade had already been decided upon by the nation, and that the demands of public opinion were founded on justice and expediency, for the opening of the trade was necessary for the maintenance of this country's position as a great mercantile nation. There were also circumstances connected with the trade itself which called for a complete termination of the monopoly. In consequence of the loss incurred in the East India trade the Company had some time ago abandoned it. The profits of the China trade were also decreasing, and there was danger that that too would be given up unless Parliament interfered. Besides abolishing the trading monopoly, the government also proposed to repeal the restrictions upon the free admission of Europeans to India and to give equality of employment to natives and foreigners.

The proposal to continue the government of India in the Company met with opposition from James Silk Buckingham, member for Sheffield, at one time editor of the *Calcutta Journal*, which had been suppressed owing to the boldness of its censure of the abuses of Indian government. He considered that both as traders and as rulers the Company had given such proofs of incapacity as to justify a demand for their resignation.⁵³ Thomas Babington Macaulay, Secretary of the Board of Control, very ably defended the government proposals.⁵⁴ He pointed out the difficulties by which the question was beset. In India representative government was impossible. We were called upon to frame a good government for a country into which it was impossible to introduce those institutions which all our habits and history lead us to consider as the one great security for good government. We had to engraft on despotism those blessings which are the natural fruits of liberty. One thing, however, seemed clear—that it was desirable that the authority exercised in this country over the Indian government should be divided between two bodies—between a minister or a board appointed

⁵² Stat. 4 Geo. IV, cap. 80.

⁵³ *Hansard* (3rd Ser.), xix, 480.

⁵⁴ *Ibid.* 503-36.

by the Crown and some other body independent of the Crown. If India was to be a dependency of England it plainly followed that the King ought to have a share in the direction of the Indian government. Yet on the other hand it was impossible that the great revenue of India should be left at the disposal of the Crown without any check. The House of Commons could never provide the check, as it was entirely unrepresentative of the people of India. The Company, on the other hand, appeared to be the independent body required. He admitted that the power of the Company was an anomaly in politics. It was strange that a joint-stock company of traders should be entrusted with the sovereignty of a large population, the disposal of a large revenue, the command of a larger army than that under the direct control of the executive government of the United Kingdom. But the Indian Empire itself was the strangest of all political anomalies. 'That a handful of adventurers from an island in the Atlantic should have subjugated a vast country divided from the place of their birth by half the globe . . . that we should govern a territory 10,000 miles from us . . . a territory inhabited by men differing from us in race, colour, language, manners, morals, religion : these are prodigies to which the world has seen nothing similar. . . . General rules are almost useless when the whole is one vast exception. The Company is an anomaly : but it is part of a system where everything is anomaly. It is the strangest of all governments ; but it is designed for the strangest of all empires. If we discard the Company we must find a substitute.' In answer to those who objected to the clause enabling natives to hold office and employment under the Company, he asked whether we should be justified in educating the natives and awakening their ambition without giving it a legitimate vent. 'It may be that the public mind of India may expand under our system till it has outgrown that system, that by good government we may educate our subjects into a capacity for better government, that having become instructed in European knowledge they may in some future age demand European institutions. . . . Whenever such a day comes it will be the proudest day in English history. To have found a great people sunk in the lowest depths of slavery and superstition, to have so ruled them as to have made them desirous and capable of all the privileges of citizens, would indeed be a title to glory all our own. The sceptre may pass from us . . . Victory may be inconstant to our arms, but there are triumphs which are followed by no reverses. There is an empire which is exempt from all natural causes of decay. Those triumphs are the pacific triumphs of reason over barbarism, that empire is the imperishable empire of our arts and our morals, our literature and our laws.' An Act embodying these proposals was passed without much opposition.⁵⁵

Evidence given before the committees as to the means of extending the India trade showed that the chief obstacles were the difficulty of providing return cargoes and the defective quality of the Indian products. The remedies suggested were the reduction of duties on the importation of Indian produce into England, the removal of transit duties in India, whereby the inland trade would be fostered, and the relaxation of the existing restrictions

⁵⁵ Stat. 3 & 4 Will. iv, cap. 85.

against Europeans settling in India. Colonization was recognized to be neither practicable nor desirable, but the settlement of respectable persons was most important for the improvement of Indian produce. Skill and capital, and character and credit which create capital, should be invited to the country and not repulsed from it. The great improvement in the cultivation of indigo, since it had been undertaken by Englishmen, was proof of what might be done with other products of India.⁵⁶

A question affecting Indian trade which had constantly arisen was the equalization of the duties on sugar. East Indian sugars were imported at a duty of 10 per cent. greater than the duty charged on West India sugar. On 3 March 1823 a petition was presented from a body of London merchants interested in the India trade, for an equalization of the duties,⁵⁷ and in May a discussion of the subject was raised in the House of Commons by Thomas Whitmore, member for Bridgnorth, who argued that since the colonial system had been relaxed the West Indian planters could no longer claim special protection.⁵⁸ This happened to be a singularly unseasonable moment to bring forward the question, as the West India planters were at that time involved in deep embarrassments, and ministers would not consent to any measure likely to increase their difficulties. The subject was again introduced in 1833 by William Ewart, but Lord Althorp refused to consider it until the effects of the abolition of slavery in the West Indies should become known.⁵⁹ Year by year, when the sugar duties were continued, this reform was pressed on ministers, but it did not take place until 1836, the differential duties on East and West India coffee having been equalized in the previous year.⁶⁰ The duties on rum were equalized in 1841.⁶¹

Another great national interest governed by a body of directors also received attention at this time. The charter of the Bank of England would expire in August 1834, and in 1832 a committee of secrecy was appointed to inquire into the expediency of its further renewal.⁶² On 31 May 1833 Lord Althorp made a statement in the Commons of the proposals of the government, founded on the evidence given before the committee. It had been decided that it was desirable that the management of the circulating medium of the metropolis should be conducted by a single bank, rather than by a number of rival banks, provided a proper check were afforded. The only check considered efficient was the publication of the accounts of the Bank. General approval was given to the principles on which the Bank had managed its affairs for the last five or six years, namely, to keep in its coffers an amount equal to one-third of its liabilities, and to allow the public to act upon the currency of the country, not to force any circulation by artificial means, but to allow the trade in bullion, which

⁵⁶ *Hansard* (New Ser.), xxi, 1340.

⁵⁸ *Ibid.* ix, 444 *et seq.*

⁵⁷ *Ibid.* viii, 337-40.

⁵⁹ *Ibid.* (3rd Ser.), xx, 256-61.

⁶⁰ *Ibid.* xxx, 1378; xxxiv, 724-46; Stat. 5 & 6 Will. IV, cap. 66; 6 & 7 Will. IV, cap. 26.

⁶¹ Stat. 4 & 5 Vict., cap. 8.

⁶² *Hansard* (3rd Ser.), xii, 1356.

might take place by reason of the foreign exchanges being adverse, to act upon the circulating medium, contracting it as the bullion was withdrawn and increasing it as the bullion returned. This principle had been justified by experience. Lord Althorp therefore proposed that the Bank of England should continue to have the monopoly of the circulation of the metropolis, and that this should be secured by the same means as had hitherto existed, namely, by forbidding any bank with more than six partners to issue paper within 65 miles of London. Joint-stock banks outside the metropolitan area might, however, have agents in London. The new charter was to be continued for twenty-one years, terminable at the end of eleven years, at a year's notice. The Directors were to be required to make weekly returns to the Treasury whereon should be based a monthly publication. To prevent an undue drain on the bullion of the Bank in times of panic Lord Althorp proposed that Bank of England paper should be legal tender for sums of £5 and upwards, excepting at the Bank itself and any of its branches. In order to give the Bank power to reduce its circulation when the rate of interest was rising, without refusing to discount, he proposed the repeal of the Usury Laws, which restricted the interest to 5 per cent., so far as they affected bills of exchange having not more than three months to run. He also proposed certain resolutions for the regulation of private and joint-stock banks, tending to encourage banks of deposit trading with notes of the Bank of England, rather than banks of issue, on the ground that a safer, though at present impracticable, plan would be to have a single bank of issue for the whole country.⁶³ These last resolutions, which Baring described as an attempt 'to accelerate and extend Bank of England issues by a gentle shove, or a species of Quaker propulsion,' and to drive country bank paper out of circulation,⁶⁴ were resisted by the country bankers and finally dropped.⁶⁵ Hume objected to the renewal of the charter on the general ground that it was a monopoly, and as such should not be continued.⁶⁶ An Act was passed in 1833 founded on Lord Althorp's proposals.⁶⁷

It had been found in considering the question of the renewal of the charter that the existing law permitted the formation of joint-stock banks within the metropolitan area, but, since the Directors of the Bank and the public believed the formation of such banks was illegal, none had ever been formed. The legality of their establishment was confirmed by a declaratory clause in the new Act. This met with some opposition from the Directors of the Bank of England, who contended that it was an encroachment on their privileges.⁶⁸ By another Act of the same year all banks of issue were compelled to make returns of their notes in circulation and joint-stock banks were authorized to issue notes payable in London for less than £50.⁶⁹

The first joint-stock banks established in London, the London and

⁶³ *Hansard* (3rd Ser.), xviii, 169.

⁶⁴ *Ibid.* 187.

⁶⁵ *Ibid.* xix, 82; Francis, *Hist. of Bank of Engl.*, 86.

⁶⁶ *Hansard* (3rd Ser.), xviii, 199.

⁶⁷ Stat. 3 & 4 Will. IV, cap. 98.

⁶⁸ Clause 3. Francis, *Hist. of Bank of Engl.*, 86.

⁶⁹ Stat. 3 & 4 Will. IV, cap. 83.

Westminster and the London Joint-Stock Banks, met with great opposition, both from the Bank of England and from private banks.⁷⁰ Though the formation of joint-stock banks of issue outside the metropolitan radius had been legalized in 1826, few had been formed, for the convulsions of that period had abated enterprise and caused suspicion of the joint-stock system. In the interval from 1833 to the close of 1835 there was a considerable extension of the system, and early in 1836 the number of new joint-stock banks, the multiplication of branches and the extent of their operations in the way of rediscount through money dealers in London, began to attract attention. The investment of money in these concerns became a favourite form of speculation,⁷¹ the notes, bills and cheques which they issued in competition with each other caused a considerable increase in the circulation. A motion was made on 12 May 1836 for a select committee to inquire into the operation of the Act permitting the establishment of joint-stock banks. The publication of the report in August,⁷² warning these banks against an imprudent extension of credit and circulation, failed to allay the excitement.

Notwithstanding an improvement in trade which the increase of banking indicated, there was a latent uneasiness in the commercial world which found its justification in the crisis of 1837. A committee appointed in 1833 to inquire into the state of trade, commerce and shipping had found that the trade and manufactures of the country were in a sound and healthy state and were carried on with adequate capital and reasonable returns. There seemed to be a good prospect of improving markets for all the great staple articles both of export and import.⁷³ Samuel Gurney, giving evidence before the committee in May 1833, stated his apprehension that the tendency was even then towards excitement and a gradual advance of price. The state of affairs as regarded manufactures was at the close of 1832 and the beginning of 1833 an exact repetition of 1822-3. There was the same complaint of a great fall and low range of prices, and the same effect of low prices in greatly extending consumption.⁷⁴ During the end of 1833 and in 1834 the price of provisions was falling, and such was the extension of the demand for the great staple articles of manufacture, both in home and foreign trade, that, large beyond precedent as had been the importations of raw material, the stocks in the hands of dealers and manufacturers were undergoing progressive reduction. New mills were built, but could not come into operation fast enough to meet the requirements.⁷⁵ There also arose a great demand for lead and iron. The produce of the Spanish lead mines had been falling off, and many English blast furnaces had been shut down in the bad years from 1828 to 1832. Thus the supply had diminished, and in 1834 the need for iron increased enormously owing to

⁷⁰ Francis, *Hist. of Bank of Engl.*, 94.

⁷¹ Tooke, *Hist. of Prices*, ii, 274.

⁷² Tooke, *Hist. of Prices*, ii, 250. Tooke did not realize that the movement, which spread over some years, was a part of a trade cycle. The low prices had led to a greater demand and that to higher prices.

⁷³ *Hansard* (3rd Ser.), xxxiii, 840.

⁷⁴ Tooke, *op. cit.* ii, 242.

⁷⁵ *Ibid.* 252.

railway enterprise both in England and America.⁷⁶ Exports increased rapidly, and very extensive credit⁷⁷ was given in this country to importers abroad, particularly in the United States. The principal houses engaged in these operations were known to be of great wealth, and this confidence combined with the facilities of the money market afforded unbounded means of granting this credit,⁷⁸ which was to all appearances founded upon good security. To all outward appearance trade remained in a healthy state until the close of 1835.⁷⁹

Sir Robert Peel, in the House of Commons in May 1836, declared that, though he believed the present prosperity stood in general upon stable foundations, he had reason to doubt whether the whole of it was sound. It was impossible to see the rapid and universal rise in the price of every article of consumption without asking to what it was to be attributed. It was impossible to take up some of the newspapers, especially those of Liverpool, without witnessing a rage for the formation of joint-stock companies, having for their professed objects matters exceeding in absurdity those of the joint-stock companies of 1825. He emphasized the long-standing distrust of these companies for carrying on businesses and manufactures which required for their success individual enterprise, and referred to the increase of speculation which followed on the multiplication of joint-stock banks.⁸⁰ Poulett Thomson stated that he had caused a register to be kept of the different joint-stock companies. His list already included between 300 and 400 companies with a nominal capital of nearly £200,000,000. These mad and foolish schemes he feared would bring odium on all joint-stock enterprise and would discourage the great undertakings which had of late years been achieved by the enterprise of joint-stock companies.⁸¹

In this state of affairs the Bank Directors repeated their mistake of 1825, by increasing instead of diminishing their securities, when the drain of bullion commenced. A moderate rise in the rate of interest in 1835 would have exercised a very salutary influence,⁸² but it was not until July 1836 that the rate was raised, and it was then too late to stop the efflux of bullion.⁸³

In the meantime America was passing through a similar period of excitement. The suppression of the Bank of the United States in 1833 gave an immense impetus to the formation of joint-stock banks as banks of issue and led to much speculation. During 1836 the imports into the United States exceeded the exports by £12,000,000, and this great debt was incurred almost entirely to English merchants, since, in addition to the direct trade with England, almost the whole trade of the States with India, China and South America was carried on by credits obtained in England.⁸⁴

Since the drain of bullion continued, the Bank Directors took the further

⁷⁶ Tooke, *Hist. of Prices*, ii, 254.

⁷⁷ The credit system in the trade between England and the United States was an innovation, and greatly abused. (See *Edinburgh Review*, July 1837, p. 221, etc.)

⁷⁸ Tooke, *op. cit.* ii, 253.

⁷⁹ *Hansard* (3rd Ser.), xxxi, 23.

⁸⁰ *Ibid.* xxxiii, 686-7.

⁸⁴ *Edinburgh Review*, July 1837, p. 221, etc

⁸¹ *Ibid.* 688.

⁸² Tooke, *Hist. of Prices*, ii, 296.

⁸³ *Ibid.* 298.

step of refusing to discount bills endorsed by joint-stock banks of issue, and a large proportion of the bills drawn from America.⁸⁵ Unfortunately, an intimation from the Liverpool branch of the Bank of England that no paper drawn from America on certain houses would be discounted was accidentally made public.⁸⁶ A crisis in America was precipitated, and every bank in the States stopped payment ;⁸⁷ no remittances could be made to England, and the difficulties of the American houses became considerable.

After September 1836 the demand for gold for exportation gave way and was superseded by an internal demand to provide the country and joint-stock banks with increased reserves. In November the Agricultural and Commercial Bank of Ireland stopped payment, and the Northern and Central Bank of Manchester, a joint-stock bank founded in 1834 with about forty branches, had to apply for assistance to the Bank of England. Fearing a run on gold if the latter bank, a notoriously ill-managed concern, were allowed to fall,⁸⁸ the Directors gave the required help.

Until the beginning of 1837 there had been no important commercial failure, though the manufacturers were suffering great distress through the complete stoppage of all demand both in home and foreign trade, but in February the embarrassments of the American houses became a matter of notoriety. With the assistance of the Bank of England a crisis was deferred until June, but, since remittances from America were still delayed, three indeed of the principal houses there stopping payment, a panic ensued which lasted throughout the month.⁸⁹ This had the effect of removing a quantity of doubtful paper and credit, and towards the end of 1837 trade revived and gold came back to the Bank.⁹⁰

The chief blame for these events was thrown on the Bank of England and the joint-stock banks. William Clay, member for the Tower Hamlets, had in May 1836 obtained a committee to inquire into the conduct of joint-stock banks. The remedies he recommended for their unsatisfactory state were limited liability, paid-up capital and perfect publicity. He thought the first would at once remove the undeserved credit derived by these banks from the individual responsibility of the shareholders, and would reduce their credit to the exact extent of their paid-up capital and available money resources. At the same time the removal from investors of the well-grounded fears created by unlimited liability would induce the most respectable members of the community to become shareholders in such enterprises.⁹¹ No legislation was founded on the evidence of this committee nor on that of others of the following years, until 1844.

On the lapse of the exclusive privileges of the Bank of Ireland in January 1838 the government proposed to renew the charter until 1844, when both

⁸⁵ It was not until July 1836, when their transactions for raising the rate of interest were proceeding, that the Bank directors became acquainted with the enormous amount of American bills in the market (*Ann. Reg.* 1837, p. 183).

⁸⁶ Tooke, *op. cit.* ii, 303-4.

⁸⁷ *Ann. Reg.* 1837, p. 184.

⁸⁸ Tooke, *op. cit.* ii, 304.

⁸⁹ *Ibid.* 308.

⁹⁰ *Ibid.*

⁹¹ *Hansard* (3rd Ser.), xxxiii, 840.

it and the Bank of England charter could be reconsidered. This plan was strenuously opposed, and finally the charter was continued by an annual Act, pending the report of the committee which had been appointed to consider the subject.⁹²

Much of the speculative mania of 1835-6 was directed towards railway development. The success of the Liverpool and Manchester Railway, which was opened in 1830, turned the attention of capitalists to this form of investment. In 1832 four railway Bills were passed, in 1834 five, and in 1835 twenty-four, including those for lines from London to Birmingham and Southampton, the Grand Junction and North Union.⁹³ In 1836 the number of applications was very large, and the alarm at the extensive powers given to the companies became widespread. Private property was being sacrificed to the reckless rivalry of the companies, especially in the neighbourhood of London.⁹⁴ William Clay, member for the Tower Hamlets, stated that no less than sixteen companies were planning railway termini in the borough which he represented.⁹⁵

There had been a general impression, both in Parliament and among the railway companies, that railway communication would be analogous to that already established by canals—that the railroad proprietors would construct and maintain the road, but that the conveyance of passengers and goods would be left to private enterprise, the railway companies merely receiving a toll for the use of the road. It was very soon found, however, that such a system was impossible. Apart from the danger to the public, capitalists unconnected with the railway were not willing to embark on establishments of engines and carriages under such regulations as the railway companies considered necessary, and eventually the carriage of passengers became an absolute monopoly in the hands of the railway companies. As regarded the carriage of goods, the practice on various railways differed; on some, private carriers using the company's lines and engines carried on the whole of the goods traffic, on others the railway companies competed with private carriers, and on one, the Liverpool and Manchester line, no private carriers were permitted, but the company was compelled by its charter to carry all goods brought for conveyance.⁹⁶ A committee appointed in 1839-40 to inquire into railway communications was persuaded that in the case of passenger traffic the safety of the public required one authority and one system of management, and recommended the confirmation to the railway companies of the monopoly which they already enjoyed in practice. They admitted that this left the public entirely unprotected against exorbitant fares, but submitted that as railway development was still in its infancy it would not be fair either to the companies or the public to fix a maximum rate on such scanty data as were then obtainable. With regard to goods traffic they thought 'that at the present time any legislative interference for the purpose of preventing

⁹² *Hansard* (3rd Ser.), lii, 1112, etc.

⁹⁴ *Ibid.* xxxi, 352 *et seq.*

⁹³ *Ibid.* lvi, 261.

⁹⁵ *Ibid.* 682.

⁹⁶ *Third Rep. of Select Com. on Railways*, 1840; *First Rep. of Select Com. on Railways*, 1839.

railway companies obtaining a monopoly of conveyance, or for the purpose of obliging them to undertake the carriage of goods, would be equally objectionable.' They advised the formation of a board of control, annexed to the Board of Trade, whose duty it would be to watch over the interests of the public, and over the different systems of management practised on different lines, with a view to the guidance of future legislation. In the meantime clauses should be inserted in all railway Bills making them subject to further legislation.⁹⁷ They also recommended that powers should be taken with regard to the conveyance of troops by railway in case of emergency.⁹⁸ A board of superintendence, of a modified form from that recommended by the committee, was established in 1840, with power to call for accounts and send inspectors to report on each line before it was opened to passenger traffic.⁹⁹

In 1836 Earl FitzWilliam protested against the piecemeal fashion in which railway Bills were considered, and thought that, in order that the nation might reap the full benefit of the genius, enterprise and ingenuity of the projectors of these measures, the highest authority of the country should be brought into action so as to have them all arranged in one continuous and well-connected system.¹⁰⁰ Joseph Pease, member for South Durham, wished to enforce the adoption of a uniform gauge on all railways throughout the country,¹ but neither of these suggestions met with support,² being opposed to the individualistic sentiments of the majority.

The mania for railway building had left Ireland almost untouched, and in August 1836 a commission was appointed to consider whether some uniform system could not be applied to that country.³ The commission did not report until 1838, and in the meantime all private enterprise was discouraged, so that at the beginning of 1839 only one line five miles long had been completed. In March 1839 Lord Morpeth said that it seemed unlikely that any extensive system of railways in Ireland could be hoped for through public enterprise. It was therefore proposed to undertake the construction of a railway from Dublin to Cork, with branches to Limerick and Clonmel, at the expense of the State as public works.⁴ Sir Robert Peel opposed the plan as departing from the principle of non-interference by the State with private enterprise. He believed 'that the moment government 'interfered and supplied its credit it must inevitably disparage native intelligence, industry and enterprise, besides being a most unfair interference with 'capital already in the field.'⁵ O'Connell approved of the government plan, for, though intelligence and activity were not wanting in Ireland, capital was, and even the one existing line had been subsidized by the State.⁶ Joseph Hume, a convinced individualist, nevertheless approved of State ownership of railways in Ireland, comparing it with Belgium, whose State railways were built in 1833, when there was an army on each frontier and none knew when

⁹⁷ *Third Rep. of Select Com. on Railways, 1840; First Rep. of Select Com. on Railways, 1839.*

⁹⁸ *Hansard (3rd Ser.), liv, 894; lv, 905; Stat. 3 & 4 Vict., cap. 97.*

⁹⁹ *Hansard (3rd Ser.), xxxiv, 984.*

¹⁰⁰ *Ibid. xxxvi, 1161.*

¹ *Ibid. xliii, 592.*

² *Ibid. xxxv, 686.*

³ *Ibid. xlv, 1060 et seq.*

⁴ *Ibid. 1082.*

⁵ *Ibid. 1098.*

war would break out,⁷ but the government scheme had to be dropped, owing to the opposition with which it met.⁸

By 1838 railway development had entirely put a stop to the stage coaches plying on the great highways, and it became necessary for the government to make some arrangement with the railway companies for the conveyance of mails. By an Act of 1838 the Postmaster-General was enabled to require that the mails should be conveyed by any railway by the ordinary or by special trains, if necessary, at such hours as the Postmaster should direct.⁹

A plan for a uniform penny post had been devised in 1837 by Rowland Hill, and excited great popular interest.¹⁰ The existing rates of postage varied according to distance, and payment was usually charged on delivery. Hill's plan was that all letters not exceeding half an ounce in weight should be conveyed between any places in the United Kingdom for a penny, while letters above that weight should be subject to an additional penny for every additional half-ounce. Postage was to be paid in advance, and collected by the sale of stamped paper, covers or labels. Hill based his scheme on the principles that the rates of postage should be irrespective of distance and that a cheapening of postage would produce an increase of correspondence. A committee was appointed to consider his plan, and reported in 1838 in its favour.¹¹ The principle was adopted by government in 1839¹² in spite of the fact that there was a considerable deficit of postal revenue, and the alteration of the postage rates was expected to cause a further deficiency of £1,500,000.¹³

Closely connected with the reform in postage was the introduction of the electric telegraph. The committee on railways in 1840 drew the attention of Parliament to the probable development of this method of transmitting messages in the near future. Charles Wheatstone, professor of experimental philosophy at King's College, had in conjunction with William Fothergill Cooke taken out a patent in 1840,¹⁴ and the Great Western Railway had made very successful experiments with the new invention. The committee pointed out that, though there was no necessary connexion between railways and the electric telegraph, a railway possessed a continuity of property between two distant points, and numerous servants to protect the machinery, which gave them a great advantage over any other capitalist. They foresaw the great gain which would accrue to any individual or company from the establishment of such a system of correspondence, and thought the State ought not to be behind in claiming the benefit of the invention, 'which is no less susceptible of useful than of dangerous application.'¹⁵

As a further means of facilitating communication there was a con-

⁷ *Hansard* (3rd Ser.), xlv, 1109. * *Ibid.* xlix, 708. * Stat. 1 & 2 Vict., cap. 98.

¹⁰ *Hansard* (3rd Ser.), xxxviii, 755.

¹¹ *Third Rep. of Com. on Postage Rates.*

¹² Stat. 2 & 3 Vict., cap. 52. Power was given to the Lords of the Treasury to fix the rates.

¹³ *Hansard* (3rd Ser.), xlviii, 1338 *et seq.*

¹⁴ *Ann. Reg.*, 1840, list of patents.

¹⁵ *Fourth Rep. of Com. on Postage Rates*, 1840.

siderable increase in steam navigation. From 1820, when steam packets were established between Holyhead and Dublin, this had grown very rapidly.¹⁶ In 1838 the ocean passage to New York was accomplished by steamer,¹⁷ and by 1839 weekly communication by steam had been established with Gibraltar and fortnightly communications with the Baltic, Corfu and Greek islands and North America, and between the West Indies and Mexico.¹⁸ After the surrender of the East India Company's charter the question of steam communication with India became one of national importance. A committee was appointed in 1834 to consider the best means of furthering this object.¹⁹ It was found that steam navigation between Bombay and Suez was practicable for eight months of the year,²⁰ and it was thought that between Bombay and Bussorah it should be practicable throughout the year. In 1837 an arrangement was made with the East India Company whereby the government undertook the transmission of the monthly mails between Great Britain and Alexandria, at the charge of the public, and the East India Company undertook the transmission between Alexandria and Bombay.²¹ This arrangement continued until 1841, when the government entered into a contract for the conveyance of the mails between England and Egypt with the Peninsular and Oriental Steam Navigation Company, which undertook further to employ powerful steam vessels for the carriage of letters and passengers between Suez and India.²²

The great advances in communication formed one of the principal influences in the social and industrial changes at this date. The belief that by leaving individual enterprise untrammelled, and removing all legal restrictions, a healthy industrial community could best be developed²³ appeared at the beginning of the reign of William IV to be entirely falsified. England had undoubtedly made rapid strides in material wealth since the inauguration of this system in 1822, but the condition of the working classes, except for some temporary amelioration during the trade boom of 1824-5, seemed to grow worse rather than better and the gulf between the middle and lower classes to become wider.²⁴ The workpeople believed their troubles to be due largely to the introduction of machinery, and the distress of 1826 was accompanied by attacks on power looms.²⁵ The introduction of steam power had greatly extended the demand for the labour of children and women, and, though this was referred to as a great advantage in 1830,²⁶ it had the effect of displacing much male adult labour and of reducing the wages of any man, who remained in employment which could be carried out by women or children, to the level of women and children's wages.²⁷

An 'appeal to the nation' issued by the 'General Association' estab-

¹⁶ Levi, *op. cit.* 196.

¹⁸ *Hansard* (3rd Ser.), i, 476.

²⁰ The monsoons prevented navigation during the

²¹ Porter, *Progress of the Nation* (1851), 321.

²² See Lord Lansdowne's speech, 26 May 1820, in *Hansard* (New Ser.), i, 551.

²⁴ *Hansard* (New Ser.), xxiii, 600.

²⁵ *Rep. from Select Committee on Manufactures and Employment*, 1830.

²⁷ *Rep. of Com. on Handloom Weavers*, 1841.

¹⁷ *Ibid.*

¹⁹ *Ibid.* xxiv, 142.

rest of the year.

²³ *Ibid.*

²⁶ *Ibid.* xv, 742, 767.

lished in London in 1827, 'for the purpose of bettering the condition of manufacturing and agricultural labourers,' seems to have summed up views widely prevalent among the working classes or their friends.²⁸ They declared that, while production or the means of national wealth had increased, wages had diminished, and, while disclaiming any wish to oppose the advantages derived from machinery and scientific improvements, they deplored the growth of a system by which manual labour was so much superseded, and the power of production so astonishingly increased, and yet the means of consumption by the majority of the people diminished. A system which had enriched the few by the sacrifice of the many could not in their estimation be regarded as a public good, but rather as a national evil. They advocated a transfer of part of the taxes on necessities and comforts to machinery and steam power. Machinery which produced without consuming appeared to them a better subject for taxation than the manual worker whose power of consumption was diminished by taxation as well as by competition with steam power. They thought that the anomalous fact of a people being wretched in proportion to their means of producing plenty, afforded conclusive evidence of the error of prevailing opinions. The doctrine of leaving labour to find its own level²⁹ could not be acted upon with safety by any community so surrounded with monopolies and exclusions as Great Britain. The prevailing disposition of unprincipled or mistaken employers to speculate at the expense of the labourer, combined with the competition of machinery with handicraft, necessitated a regulation of wages and a law to make agreements entered into between masters and workmen valid and binding on all in the trade. They ascribed not only the unexampled poverty of the labouring classes, but also the embarrassments of the mercantile and trading classes, to the reduction of wages, caused by ruinous individual competition. For, though commodities might be cheapened by reducing wages, the consuming and purchasing power of the great majority of the community was reduced. The object which they sought was a fair and adequate remuneration for labour.³⁰

A committee appointed in 1826, on the motion of Wilmot-Horton, Under-Secretary for the Colonies, to inquire into the possibility of relieving the pressure of unemployment by emigration, which reported in 1827, treated this declaration as an example of the erroneous notions prevalent among the working classes. The committee 'could not express too strong an opinion against the idea of regulating by legislation the rate of wages, under any conceivable modification.' They believed the remedy lay in the hands of the workman himself. It was the condition of his employment to oscillate

²⁸ Little is known of the association, which appears to have been formed for the purpose of making the appeal. Thomas Livesey was chairman and Benjamin Wills and William L. Ward honorary secretaries.

²⁹ It was contended by witnesses before the Committee on Handloom Weavers in 1835 that labour and capital could not be subjected to the same laws. Labour was always sold by the poor man, who must sell it immediately for what he could get, or starve, while it was bought by the capitalist, who could abstain from purchasing until he could buy on his own terms (*Report*, p. 29).

³⁰ *Rep. of Committee on Emigration*, 1827, App. 5.

between two extremes of high and low wages, on account of machinery displacing human labour, and a variation of demand from an infinite variety of causes. 'If at a period of high wages he does not create a fund which is to meet the alternation of low wages he can have no justifiable cause of complaint when he suffers the inconvenience of poverty and destitution from the effect of an alternation which it is not possible to avoid and from the prejudicial results of which his own prudence might have protected him.' Such distress does not require any special exercise of private charity, much less does it need public contribution.³¹ The operation of the Poor Law had tended to discourage this sort of prudence, for the artisan considered that he had a perfect right to expend his wages when they were high without making provision for the future, inasmuch as the parish was bound to support him whenever the alternation of distress might arise. The committee thought that the capitalist was unfairly reproached for withholding from the artisan the wages fairly due to him. They maintained that the rate of wages depended on the supply of labour as compared with the demand for it, and it was not to be expected that the capitalist would purchase the labour which he required at a higher price than the market rate. If machine labour was as effective as and cheaper than manual labour he would employ it in preference. If it were contended that he ought not to do so, the converse proposition would be equally true, that when the wages of labour were high, arising from an increased demand, the capitalist would be justified in calling upon the artisan to take lower wages than the market rate. 'The one proposition is as unjust and impracticable as the other, and your committee are persuaded that the House will concur with them in the opinion that there is no point which requires more to be explained to the lower classes than the impossibility of regulating by law either the maximum or minimum of wages.'

The demand for a tax on machinery, though often revived, was never seriously considered by Parliament, and the commissioners appointed to consider the condition of handloom weavers in their report of 1841 condemned a tax on power looms on the same ground as duties on foreign fabrics, by extending a benefit to a single portion of the community at the expense of all the rest, to say nothing of its effect in throwing power-loom weavers out of work.

In the reformed Parliament those who believed that material wealth was not the only object of legislation were strongly represented. 'It is not merely vast exports or unlimited freedom of trade that give greatness or happiness to empires. It is freedom from degrading poverty, freedom from its consequent vice and crime, from that inevitable insecurity of property, disrespect for the law, want of attachment to the government and mutual distrust between the different orders and grades of society—it is freedom from these restrictions on moral and national grandeur that alone can confer strength abroad and happiness at home.'³² On this point the opponents of

³¹ Both this committee and another which sat in 1830 obtained evidence which convinced them that average wages, if taken over a period of years, were sufficient for the support of the artisan.

³² John Maxwell in *Hansard* (3rd Ser.), xxiii, 1095.

free trade were able to make common cause with the humanitarians. George Richard Robinson, member for Worcester City, who was indefatigable in his efforts to impose an income tax in order to relieve the poor from the excessive taxation with which they were burdened,³³ maintained 'that a fatal error lay at the bottom of the modern economists' favourite theory that national wealth is the great desideratum: they overlook the more important consideration of the causes that influence the welfare and happiness of the people, the encouragement of industry, the progress of civilization and political power. They look too exclusively at the supposed effect of their policy on prices and disregard its operation on moral character and the permanent welfare of the people as a community. Cheapness in itself is doubtless an advantage, but greatly to lower the value of those articles from which the labourer receives his means of support is to deteriorate his condition. . . . One of the great mistakes of political economists is, that cheapness is the only desideratum, but it will be found on close examination that the tendency of their policy is to aggrandize and increase the wealth of an inconsiderable portion of the community while it pauperizes the great body of the people.'³⁴ Lord Wynford thought that if we fostered and encouraged our home trade, and above all our agriculture, we should be happy and independent. If foreign trade left us we should still find ample means for development of our industry in the home market and in our commerce with our colonies.³⁵

The plan of fixing minimum wages and establishing wages boards met with support among the humanitarians, who cared nothing for current political economy. Their wish was, not like the Association of 1827 to establish minimum wages throughout the country, but to try the plan as a remedy for the distress of the handloom weavers. In 1834 John Maxwell, member for Lanarkshire, moved for a committee to inquire into the causes of distress among that class with a view to discover whether wages boards were practicable. He pleaded that informal agreements had been made in some places between masters and men, and, imperfect as they had been for want of legislative sanction, had worked well. Though little hope was entertained by members that any good would come from the inquiry and ministers were opposed to it, the motion was carried and the committee, after sitting for two years, reported that 'to the sentiment that Parliament cannot and ought not to interfere in cases of this nature, your committee is decidedly opposed.'³⁶ They recommended a trial of the method of regulation of wages. Different plans had been proposed by witnesses. Some wanted a central board for fixing a minimum wage for weaving the same article in every part of the United Kingdom; others recommended local boards, composed of an equal number of masters and workmen, empowered to regulate wages from time to time according to circumstances, in order to prevent individual

³³ *Hansard* (3rd Ser.), xvi, 1072; xxxii, 552.

³⁴ *Ibid.* xii, 1312.

³⁵ *Ibid.* i, 828, etc.

³⁶ *Report*, 1835, p. xiv. The report was by a select committee of the House of Commons consisting of 63 members. It included Maxwell, Fielden, Lord Ashley, Sir James Graham, Viscount Morpeth, Sir Henry Parnell, Robinson, Lord Stanley, Mark Philips, Poulett Thomson, Baring, O'Connell and Thomas Attwood.

masters from lowering wages unnecessarily and at pleasure. The plan which met with the approbation of the committee was propounded by John Fielden, member for Oldham. Its principal feature was that returns should be made every three or six months of the prices for weaving paid by such a number of manufacturers as collectively made one half of the goods of any description in the parish or township whence the returns were sent, and the average of the highest prices paid by a majority of such manufacturers should be the lowest price to be paid in such parish or township during the succeeding three or six months. The effect of the measure would be to withdraw from the worst paying masters the power they possessed of regulating wages and to confer it on those whose object it was to raise the condition and character of workpeople. A Bill founded on Fielden's plan was introduced on 28 July 1835 by John Maxwell.³⁷ Poulett Thomson called upon the House to reject the Bill, which he said would be an act of tyranny, and Dr. Bowring, who was a member of the committee, declared that he disagreed entirely with its findings. He protested against encumbering the statute book with laws which recognized the most dangerous of principles, that a man is not the master of his own labour, but that he must hold it to be disposed of on terms which others shall fix for him. If wages were fixed for handloom weavers it would have to be done for everyone else in the land. The weavers complained of competition, but Fielden's Bill would introduce another and new sort of competition, district against district. It would be possible for two or three manufacturers, combining together, to reduce wages by the legal machinery of the Bill, but he believed such a measure could never be made operative. 'There is an elasticity in transactions of commerce, a powerful tendency in all matters of trade to regulate themselves which sets legislation at defiance. . . . The regulation of wages at given periods is a chimera: they may, they must vary from time to time according to the state of the markets. Establish rates to-day—the fairest, the best arranged, they will be inefficient for to-morrow.'³⁸ He thought, however, some tribunal might be established to settle disputes between masters and men and to publish current rates of wages which would show where there was a demand for labour. Fielden's Bill was lost, but he and Maxwell did not allow the matter to rest. Maxwell obtained the appointment of a royal commission to inquire into the subject in 1837.³⁹ After an exhaustive inquiry the commissioners made a very detailed report in 1841. They utterly condemned the principle of the wages board, and considered that in the particular case of the weavers, who were suffering from an excess of supply of labour over the demand for it, wages boards would aggravate the difficulty. By raising the wages the demand for their labour would be reduced, while by holding out the expectation of increased reward the supply would be increased. It will thus be noticed that within a few years two reports were issued which were diametrically opposed. The reason for this can

³⁷ *Hansard* (3rd Ser.), xxix, 1152.

³⁸ *Ibid.* 1172-3.

³⁹ *Ibid.* xxxviii, 1790. The four commissioners were Nassau William Senior, Samuel Jones Loyd, William Edward Hickson, and John Leslie.

be gathered from the fact that the earlier came from a select committee of the House of Commons in which the humanitarian influence was strong, and the later was drawn up by four commissioners who were well-known political economists.

Robert A. Slaney, member for Shrewsbury, believed that more could be done for the poor by bettering their conditions of living, by reforming the Poor Law,⁴⁰ and, above all, by inculcating habits of prudence and foresight. The operatives, he believed, were the sources of our power and would yet be a mine of wealth to the country if they could only be brought to employ that forethought which raises the middle classes so high in the social scale.⁴¹ He, like the Emigration Committee of 1827, realized that wages were, under existing conditions, bound to fluctuate and that to this was chiefly due the distress of the artisan. These fluctuations were the result of the great increase in the manufacturing population, migration of industries, changes of fashion, improvements in machinery, foreign rivalry and foreign tariffs and prohibitions, and were utterly beyond legislative control. He proposed a system of benefit societies to insure against unemployment, and in 1830 obtained a committee to inquire into the possibility of affording facilities for the formation of such societies.⁴² The committee reported in favour of the scheme, and in 1833 a Bill was passed on the lines indicated in the report of the committee; but, as Slaney confessed in 1840, the Act was little known and not much used, though in some cases it had been taken advantage of with admirable effect.⁴³

Thomas Attwood and his friends believed that all the troubles of the country were due to the re-establishment of the currency, and that a return to a depreciated coinage would relieve the distress. In 1833 Cobbett moved for the impeachment of Sir Robert Peel,⁴⁴ as responsible for the Act of 1819. Cobbett found only three members to vote with him, and Attwood's frequent motions for an alteration of the currency were countered by the resolution 'that any alteration in the monetary system of the country which would have the effect of lowering the standard of value would be highly inexpedient.'⁴⁵

More direct methods were, however, being considered by the House for the improvement of the condition of the people. The conviction that a radical change in the Poor Law had become necessary was gaining ground during the 19th century. The existing law was based on that of 1601,⁴⁶ which was a consolidation of the Tudor Acts that had for their object the restraint of begging. By the Act of 1601 the parish was made responsible for relieving all who were destitute through age or infirmity and for setting to work all able-bodied people unable to find it for themselves. The Law of Settlement of 1662⁴⁷ further enabled justices to remove persons likely to become chargeable to the parish to the place where they were last legally settled, either as a native, householder, sojourner, apprentice or

⁴⁰ *Hansard* (3rd Ser.), xxiii, 44.

⁴¹ *Ibid.* xxiv, 690.

⁴² *Ibid.* (New Ser.), xxiv, 682-96.

⁴³ *Ibid.* (3rd Ser.), li, 1222.

⁴⁴ *Ibid.* xvii, 1277.

⁴⁵ *Ibid.* 384.

⁴⁶ Stat. 43 Eliz. cap. 2.

⁴⁷ Stat. 14 Chas. II, cap. 12.

servant. This latter law, though it had been mitigated in 1795⁴⁸ by preventing the removal of poor persons until they actually became chargeable, had the effect of restricting the free circulation of labour. It exposed the labourer who was unable to obtain employment in his own parish and sought it elsewhere to the penalty of being seized and sent back to a parish where there existed no demand for his labour. The liability of the parish to provide employment superseded the duty of the poor to provide for themselves and led to indolence and improvidence.⁴⁹

A committee which exposed the defects and abuses of the existing law in 1817 had been unable to propose any remedies, but in 1821 James Scarlett, afterwards Lord Abinger, introduced a Bill directed against the whole system of the Poor Law. He argued that the effect of making unlimited provision for the poor operated as a premium on poverty, licentiousness, indolence and immorality; it degraded the character of the man who received relief, lowered him in his own estimation, diminished his industry and would involve by degrees the whole mass of the labouring population.⁵⁰

Scarlett withdrew this Bill and introduced another in the following year, slightly different in its terms, but it was thrown out on the second reading.⁵¹ In the same year Nolan, one of the Welsh judges, author of a book on the Poor Law, introduced a Bill which aimed at a reform of the administration of the law, without altering the law itself.⁵² This also was thrown out and another which he brought in in 1824 met the same fate.⁵³ Less ambitious schemes of reform were brought forward by various private members from time to time between 1823 and 1831,⁵⁴ but the unreformed Parliament, elected upon a comparatively narrow franchise, was not competent to deal with this subject, which involved the curtailment of a fund regarded as peculiarly the property of the poor, and it was left to the first reformed Parliament to carry out this great task.

Lord Grey appointed a commission of inquiry in 1832 to collect evidence as to the working of the law.⁵⁵ In March 1833 the commissioners issued a volume of extracts from the information they had received, which purported to show that the maladministration of the law in the agricultural districts had spread all over the country and into some of the manufacturing towns, that actual intimidation directed against those who were or were supposed to be unfavourable to profuse relief was one of the most extensive sources of maladministration and that the evil, though checked in some places by extraordinary energy and talent, was on the whole steadily and rapidly progressive. The publication of this report had the effect of thoroughly frightening the country and prepared a reception for the drastic reforms recommended in the

⁴⁸ Stat. 35 Geo. III, cap. 101.

⁴⁹ *Rep. of Com. on Poor Law*, 1909, pt. iii, 58.

⁵⁰ *Hansard* (New Ser.), v, 574, etc.

⁵¹ *Ibid.* viii, 750; ix, 693; xi, 32; xii, 1138; xviii, 1521; xix, 199; xxiii, 26; (3rd Ser.), v, 445.

⁵² *Ibid.* (3rd Ser.), ix, 1099. The commissioners were Dr. Blomfield, Bishop of London, Dr. Sumner, Bishop of Chester, W. Sturges Bourne, Nassau W. Senior, Henry Bishop, Henry Gawler, W. Coulson, James Raill and Edwin Chadwick.

⁵³ *Ibid.* vii, 762, etc.

⁵⁴ *Ibid.* 1560, etc.

⁵⁵ *Ibid.* x, 450.

report issued by the commissioners in 1834. They had found that the chief source of abuse was the outdoor relief afforded to the able-bodied, and to the reform of this evil their efforts were mainly directed. Outdoor relief was given in various ways : by grants of small sums, no labour being exacted, on condition that the applicant should give the parish no further trouble ; by the roundsman system, whereby the parish sold pauper labour at a low price and supplemented the wages thus obtained from the rates ; by parish employment, or by the labour rate system, whereby pauper labourers were shared among the ratepayers, whether they required the labour or not. But the most important and perhaps the most objectionable method of giving outdoor relief arose under the ' allowance system ' which was originally devised by the Berkshire magistrates in 1795 for the payment to poor and industrious labourers of outdoor relief at rates proportionate to the price of provisions ; thus if a gallon loaf cost one shilling the labourer should have 3s. and each member of his family 1s. 6d. and so on in a graduated scale. This scheme, giving outdoor relief in aid of wages, was largely adopted in the south of England and received legislative recognition in the following year by an Act of Parliament.⁵⁶ It was a disastrous and demoralizing system for the farmer and labourer alike, and increased the cost of relief from a little over four millions in 1802-3 to nearly eight millions in 1818, about three-quarters of the rate then collected being paid in aid of wages. It is not surprising therefore that outdoor relief became one of the chief objects of attack by the Poor Law Commissioners of 1832. One of the worst evils of the system was that there was no general feeling against it ; the labourer felt that the existing system, though it gave him low wages, gave him easy work ; ' it gives him also, strange as it may appear, what he values more, a sort of independence.'⁵⁷ He need not bestir himself to seek work ; he need not study to please his master ; he need not put any restraint upon his temper. . . . He has all a slave's security for subsistence, without his liability to punishment. As a single man, indeed, his income does not exceed a bare subsistence; but he has only to marry and it increases.' The principle at the basis of the remedial measures recommended by the commissioners was that the situation of the able-bodied pauper should be less eligible than the situation of the independent labourer of the lowest class. They advised that all relief to able-bodied persons or their families otherwise than in well-regulated workhouses should be declared unlawful after a certain period. They further recommended the formation of a central board, the union of parishes, the classification of paupers and a definition of the question of settlement. The Poor Law Amendment Bill drafted on the lines suggested by the report of the commissioners was passed on 14 August 1834.⁵⁸ Under this Act the whole administration of relief was placed under the control of a central authority composed of three commissioners appointed by the Crown with a secretary

⁵⁶ Stat. 36 Geo. III, cap. 23.

⁵⁷ Mr. Villiers Stuart in 1829 maintained that the English Poor Law tended in general to raise the condition and the character of the poor man by rendering him independent of his employer (*Hansard* [New Ser.], xxi, 1126).

⁵⁸ *Rep. of Com. on Poor Law*, 1909, pt. iii, 75. ⁵⁹ Stat. 4 & 5 Will. IV, cap. 76.

and assistant commissioners. The fundamental purpose of the Act, and of the policy of the commissioners, was 'to let the labourer find that the 'parish is the hardest taskmaster and the worst paymaster he can find, 'and thus induce him to make his application to the parish his last and not his first resource.'⁶⁰ This could be only effectually secured by offering relief only in a workhouse. The commissioners were to issue yearly reports, the early copies of which are works of infinite pains and suggestive of the amendments in the law which followed.

The Act had been passed at a singularly auspicious moment. The years 1834 and 1835 were years of great activity in every branch of commercial enterprise. Railway undertakings absorbed much unemployed agricultural labour, and relief was afforded to some of the heavily burdened rural parishes in the south by the voluntary migration of workers to the manufacturing towns of the north, where the demand for labour was unprecedented.⁶¹ In 1837, however, a severe winter, which put a stop to all outdoor employments, was followed by deficient crops and high prices, and this, added to the commercial crisis through which the country was passing, involved the administrators of the law in great difficulties. Commercial difficulties, high prices and general distress continued for several years, and the discontent and angry feeling called forth by distress was directed chiefly against the commissioners and the law. The Poor Law Amendment Act was a triumph for the economists, and especially for the followers of Malthus. But the anti-Christian tendencies of the Malthusian doctrine shocked the humanitarian party which best understood perhaps the character of the changes resulting from the mechanical revolution. The commissioners upon whose report the Act was based were dominated by an economic theory and the evidence which they took was mainly directed to support a preconceived view. The country, Lord Shaftesbury said, 'was drooping under the chilly blast of 'political economy,' and the Act, passed by a Parliament described by Coleridge as 'infidel and Malthusian,' was held to be part of the machinery by which cold-blooded economists were enslaving the poor. Carlyle again said that the Act was heretical and damnable as a whole truth and orthodox and laudable as a half truth.⁶² The feeling of the time, however, was well expressed by Wordsworth, who maintained that 'a sense of honour could 'be revived among the people and their ancient independence restored, 'without resort to those severities which the Poor Law Act has introduced,' and he continued 'with all due deference to the particular experience and general intelligence of the individuals who framed the Act and of those who in and out of Parliament have approved of and supported it, it may be said that it proceeds too much upon the presumption that it is a labouring man's own fault if he be not, as the phrase is, beforehand with the world.'⁶³

⁶⁰ *Poor Law Com. App.*, vol. xii. Memo. by Prof. Smart (Cd. 4983), p. 39.

⁶¹ *Hansard* (3rd Ser.), xxvii, 357; xxx, 1316.

⁶² Leslie Stephen, *The English Utilitarians*, iii, 170; Coleridge, *Table Talk*; Carlyle, *Chartism* (ed. 1840), 19.

⁶³ Wordsworth, *Poetical Works* (ed. T. Hutchinson 1904), pp. 960-1.

Yet the 'harsh but salutary' Act was indispensable to the progress of the country. The organization of the Poor Law administration under a central body, the enlargement of the unit of administration from the parish to the union of parishes, and the superseding of the churchwardens and overseers by Boards of Guardians and relieving officers tended to efficiency.

The abolition of outdoor relief, one of the chief objects of the Act, had to be proceeded with gradually and carefully, owing to the strong opposition which it created. It was not until 1844 that a final order was issued for every able-bodied person requiring relief to be relieved only in the work-house of the Union. Notwithstanding this order outdoor relief was permitted to the able-bodied in cases of distress at the discretion of the guardians. By this means the practice of refusing such relief was considerably modified. The Poor Law Commissioners, it may be added, were so satisfied with the success of their policy of no outdoor relief that they were opposed to any scheme of old age pensions.^{63a}

The Act, originally limited to five years, was continued from time to time until in 1847 the Poor Law Board (merged in 1871 into the Local Government Board) became a permanent government department. The three Poor Law Commissioners who formed the Poor Law Board at this date drew up a new system of administration. They divided England into eleven districts and appointed an inspector to each, who was to see that the orders of the central body were duly carried out and the accounts of the local bodies properly kept.

The state of the working classes in Ireland was even worse than that of the agricultural labourer of England. Committees appointed to inquire into the state of Ireland from 1819 onwards invariably found a prevailing 'misery and suffering which no language can possibly describe, and which it is necessary to witness in order fully to estimate.'⁶⁴ The cause assigned for this state of affairs was want of employment due to absence of capital. A committee appointed in 1819 observed that capital could accumulate only out of the savings of individuals, and in Ireland few people conducted operations on such a scale as to admit of much surplus for accumulation. The principal manufacture, the linen trade, was conducted as a home industry, and in agriculture the tendency to subdivision of farms and the practice of throwing the expense of repairs on the tenant prevented the accumulation of capital and its application to agricultural improvements. In 1836 farmers of 300 acres, or even of 100 or 200 acres, except in the grazing districts, were almost unknown. During the war, under the strong excitement of war profits and a free trade in corn with Great Britain, agriculture had advanced with extreme rapidity and the demand for labour increased daily. Land rose greatly in value from year to year and lessees were tempted to realize profit rents by sub-letting their farms.⁶⁵ In some instances the proprietor

^{63a} Booth, *Old Age Pensions*, 23.

⁶⁴ *Rep. of Committee on State of Poor in Ireland*, 1830, p. 4.

⁶⁵ *Ibid.* p. 6.

himself subdivided his land to increase his rent roll or add to his political influence, and in others tenants divided their holdings to make provision for their children, and the latter process often continued until the minimum of subsistence was reached. After the war prices fell, the prevailing system of small holdings was found to hinder improvement in cultivation, and added to the agricultural population. The landlords resorted to a wholesale ejection of tenants, which, however necessary for improvement, had a deplorable effect on the ejected tenants, for since there was no legal provision for the destitute, and the subdivision of land had destroyed the regular demand for labour, the only protection against actual want was the possession of a portion of land. 'For this the peasantry have combined and burst through 'the restraints of law and humanity.'⁶⁶

There was ample scope, it was believed, for extension of agriculture by draining the bogs and improving the waste and mountainous land, while the fisheries afforded an unlimited source of national wealth, and the making of roads and improvement of inland navigation would have afforded employment to a large proportion of the population if capital could be found. Owing to the poverty and ignorance of the people the fisheries were undeveloped, and only the application of capital could make them productive. As private capital could not be drawn into Ireland, the alternative appeared to be the application of public funds to improvements there, and this measure was resorted to on occasions of unusual distress.

Commissioners appointed in 1833 to consider the expediency of introducing a Poor Law on the system of the new English law, after more than two years' investigation made an unsatisfactory report, to which several of their number could not subscribe. They proposed a system of relief founded on a combination of a compulsory rate and voluntary contributions. This report did not meet with the approval of Lord Melbourne's government, and Sir George (then Mr.) Nicholls, one of the commissioners of the English Poor Law, was sent to Ireland to investigate personally the possibility of introducing into Ireland Poor Laws on the same principle as those of England. He came to the conclusion that 'mendicancy and indiscriminate almsgiving had produced in Ireland results similar to what indiscriminate relief produced in England.' It seemed to him that the vicious circle could best be broken, not by an artificial introduction of capital, but by attacking the root of the evil, destitution. Mendicancy could not be forbidden until some alternative was offered, and he urged the application of the workhouse system to Ireland.⁶⁷

On 13 February 1837 Lord John Russell introduced his measure founded on Nicholls' report.⁶⁸ Irish members of all parties expressed their satisfaction that something was to be done, and O'Connell did not oppose, for he recognized that some such experiment was necessary, though he was not very sanguine of its results.⁶⁹ The death of William IV prevented the passing of this Bill, but it was reintroduced in December by Lord Russell, with

⁶⁶ Nicholls, *Hist. of Irish Poor Law*, 161.

⁶⁷ *Ibid.* 160 *et seq.*

⁶⁸ *Hansard* (3rd Ser.), xxxvi, 453.

⁶⁹ *Ibid.* 486.

slight alterations.⁷⁰ By this time O'Connell's distaste for it had become active opposition, 'he had grown older and somewhat firmer,' and he opposed the second reading. In spite of his opposition, and that of many other Irish members, the Bill passed the House of Commons by a large majority. In the House of Lords it met with even greater opposition, but was finally passed without alteration of principle in July 1838.⁷¹

The subject of factory legislation, which was intimately connected with the Poor Law, again engaged the attention of the House in 1830. The Act of 1819,⁷² restricting the age and time of the employment of children in cotton factories, had definitely recognized the principle that child labour was not free and was entitled to legal protection. In 1825 a Bill was introduced by John Cam Hobhouse, Radical member for Westminster, to improve the administration of the Act of 1819 and to reduce further the working day of children under sixteen⁷³ to eleven hours. The part of the Bill dealing with the better administration of the Act was passed,⁷⁴ but the clauses limiting the hours of child labour were abandoned on the ground that they would also limit the labour of adults. Hobhouse introduced another Bill in 1831⁷⁵ to forbid night work for persons under twenty-one years of age in all mills and factories and to limit the working day of those under eighteen years to eleven and a half hours. Again the limitation of the hours of labour was abandoned, but the part of the Bill under which night work was forbidden was passed, although it was restricted to cotton mills only.⁷⁶

In the meanwhile aid in favour of factory legislation was coming from the other side of the House of Commons. Richard Oastler, known as 'the Factory King,' a strong Tory, began a campaign for a ten hours day in 1830 by a series of letters to the *Leeds Mercury* on what he termed Yorkshire slavery.⁷⁷ On 31 December 1831 Michael Thomas Sadler, Tory member for Aldborough in Yorkshire, introduced a Bill for limiting the hours of work of children between nine and eighteen to ten hours, exclusive of time for meals and an allowance for an abatement of time on Saturday.⁷⁸ The Bill was supported by a coalition between Tory humanitarians and trade union delegates. The humanitarians had as their main object the protection of factory children, although, as Lord Ashley stated, he would heartily rejoice if the Bill indirectly produced a limitation of the hours of adult labour.⁷⁹ On the other hand the trade unionists used the Bill as a means of persuading the political economists and 'sages like Mr. Hume'⁸⁰ to pass laws which restrained free labour by limiting working hours and caused an arbitrary stoppage of machinery in order to give employment to more adults.⁸¹

The Bill was referred to a select committee, of which Sadler was chair-

⁷⁰ *Hansard* (3rd Ser.), xxxix, 477.

⁷¹ *Ibid.* xlii. 11. 829: Stat. 1 & 2 Vict., cap. 56.

⁷² Stat. 59 Geo. III, cap. 66.

⁷⁴ Stat. 6 Geo. IV, cap. 63.

⁷³ *Hansard* (New Ser.), xiii, 643.

⁷⁵ *Hansard* (3rd Ser.), ii, 584.

⁷⁶ Stat. 1 & 2 Will. IV, cap. 39.

⁷⁷ Hutchins and Harrison, *Hist. of Factory Legislation*, 44-5.

⁷⁸ *Ibid.* 48.

⁸⁰ Hutchins and Harrison, *op. cit.* 49.

⁷⁹ *Hansard* (3rd Ser.), xix, 889.

⁸¹ *Rep. of Factory Com.*, 1833.

man,⁸² and the evidence given before it on behalf of the children created great indignation against the manufacturers. Later Lord Ashley took charge of the Bill, and the masters strongly pressed for a commission for further inquiry.⁸³ The report of the commission thus appointed was to the effect that the Bill did not accomplish the object at which it purported to aim, for many witnesses had stated that ten hours' labour was too much for children. The commissioners also pointed to the probable effect which the Bill would have in restricting adult labour, and disagreed with the opinion given in the evidence of operatives that though wages would at first fall, owing to the reduction of the hours of labour, the artificial scarcity of commodities thus occasioned would raise prices, and consequently increase wages, besides giving employment to a greater number of workers. This effect the commissioners considered could only be produced under a system of monopoly. Such an artificial reduction of output would be met by foreign manufactures, and as a result both profits and wages in this country would fall.⁸⁴

The tendency of the Bill was so obvious that the Whig government, deeply imbued with individualistic ideas, could not countenance it. Their spokesman, Lord Althorp, believed it would increase the power of foreigners to compete in the British market and cause the decline of the manufacturing interest in this country. Adults would be deprived of the power of making the most of their only property, their labour. He agreed that it was a self-evident proposition that children should meet with protection, but to say that such protection should be extended to persons who were adults and consequently masters of their own time was to broach a proposition to which he hoped Parliament would never assent.⁸⁵

Lord Ashley's Bill passed the second reading, but the amendments later introduced by Lord Althorp so altered its character that Lord Ashley resigned it to him. It was thereupon remodelled in conformity with the report of the commissioners and passed in 1833.

This Act was the second great advance in factory legislation.⁸⁶ It afforded greater protection to children than the Act of 1819, but made a distinction between them and 'young persons,' to whom it showed less generosity than previous legislation by reducing the age of those who could be employed on night work from twenty-one to eighteen. No one under eighteen was to be employed for more than twelve hours a day or sixty-nine hours a week. No child under nine was to be employed at all except in silk mills. No child under eleven during the first year, under twelve during the second year, or under thirteen during the third year from the passing of the Act was to be employed for more than forty-eight hours a week or nine hours in one day; the idea of the commissioners being that children over thirteen became free agents. The Act also provided for two hours' instruction every day. But, above all, the Act extended the restrictions on child

⁸² *Hansard* (3rd Ser.), xi, 340.

⁸³ *Ibid.* xvi, 199.

⁸⁴ *Rep. of Factory Com.*, 1833.

⁸⁵ *Hansard* (3rd Ser.), xix, 221.

⁸⁶ Stat. 3 & 4 Will. IV, cap. 103.

labour from cotton factories to the factories for other textiles, and created a system of inspection which alone could make legislation effective.

In 1840, on Lord Ashley's motion, a select committee was appointed to inquire into the operation of the Act.⁸⁷ In spite of its defects, the Act of 1833 formed a turning-point in factory legislation, and the inspectors, by their freedom from prejudice, were able to enforce the law with greater efficiency and less friction than any locally appointed officers, while their reports were invaluable as a means of keeping the government informed as to the state of the manufacturing population. This Act and the amended Poor Laws were some of the first instances of the creation of special departments for the purpose of administering particular Acts, for which innovation the zeal of Edwin Chadwick for centralized administration was probably responsible.⁸⁸

Another matter that for some time past had required attention was what was known as the 'truck system,' of which there had been a noticeable increase since the suppression of small notes.⁸⁹ Attwood told a story of a labourer who had received a leg of mutton for his wages, and, having a child to be baptized, took his joint to the parson and begged him to cut off as many slices as were equivalent to the baptismal fee.⁹⁰ In 1818 and 1820 laws had been passed to compel the payment of wages in money and not in goods, but they had proved ineffective.⁹¹ In 1830 Littleton introduced a Bill to amend the law on the subject, but it was dropped on account of the dissolution and reintroduced later in the year.⁹² Hume opposed it as being contrary to the political science of the day, which forbade the unnecessary interference of Parliament between workmen and employers,⁹³ but Peel thought the rigid rules of political economy should be put aside.⁹⁴ Lord Althorp showed that a workman when once in debt to his master through the truck system was no longer a free agent, and had to accept any terms the master might impose.⁹⁵

The Bill became law in October 1831.⁹⁶ The former Acts relating to the truck system were repealed, and the artisan was entitled to recover any part of his wages which had not been paid in money. Certain trades, such as mining and metal working, were exempt from the Act, which also did not apply to domestic servants or agricultural labourers.

The Factory Act of 1833, by recognizing the need for educating the factory children, drew public attention to the absence of adequate educational facilities throughout the country. Joseph Fox, William Allen and other Quaker philanthropists had in 1810 formed the Royal Lancasterian Association to educate the poor on the monitorial system introduced by Joseph Lancaster. Henry Brougham and James Mill were on the committee of the

⁸⁷ *Hansard* (3rd Ser.), lii, 86.

⁸⁸ Hutchins and Harrison, *Hist. of Factory Legislation*, 40.

⁸⁹ *Hansard* (New Ser.), xxii, 645-50.

⁹⁰ *Ibid.* 381-9.

⁹¹ Stat. 58 Geo. III, cap. 51; 1 Geo. IV, cap. 93.

⁹² *Hansard* (New Ser.), xxiii, 461.

⁹³ *Ibid.* 1166.

⁹⁴ *Ibid.* (3rd Ser.), i, 1139.

⁹⁵ *Ibid.* 1165.

⁹⁶ Stat. 1 & 2 Will. IV, cap. 36, 37.

association, which became in 1813 the British and Foreign School Society. In 1811 Churchmen established the National Society for the Education of the Poor in the Principles of the Established Church, with the avowed object of bringing the growing movement under safe control.⁹⁷ The Radicals, Wakefield, Mill, Place, and Brougham, entered into the movement with zeal, and were bent on nothing less than the organization of a complete system of primary and secondary education, at any rate for London. Brougham, who, as Place remarked, was 'one of the few who see the whole scope and extent 'of what it may lead to,'⁹⁸ obtained in 1816 a committee to investigate the subject of the education of the poor. After more than two years' inquiry, the committee reported, and on 28 June 1820 Brougham brought forward a Bill founded upon its report.⁹⁹ The existing schools were found to be totally inadequate for the requirements of the country, and his Bill included arrangements for making the ancient endowed schools more available for the purpose for which they were founded. He proposed that the schoolmasters' salaries should be levied by a local rate, but the cost of building schools should be defrayed from national funds. Schoolmasters should be Churchmen and chosen by the parishioners, and schools should be under the superintendence of the parochial clergy. With regard to religious worship he would permit only the reading of the Lord's Prayer and other passages from Scripture, and would allow the reading of no other religious book but the Bible. Reading, writing and arithmetic should be taught in all schools, and he wished to have infant schools for children under five. He laid great stress on the principle that all should pay a little for their education. On account of opposition from Dissenters the Bill was dropped, and when Brougham brought it in again in 1826 it once more had to be abandoned for the same reason.¹⁰⁰

In 1828 Brougham made further inquiries as to the state of education in the country. He found it so far improved that he thought it best to leave it to voluntary effort, and that legislation was unnecessary.¹ His attitude caused great disappointment to the Radicals, and in July 1833² John Arthur Roebuck, Radical member for Bath, moved: 'That the House, deeply impressed with the necessity of providing for a due education of the people at large, and believing that to this end the aid and care of the State are absolutely needed, will early during the next session of Parliament proceed to devise a means for the universal and national education of the whole people.'³ In a very able speech in defence of his motion he unfolded a complete scheme for a system of national education. He explained that by education he meant, not merely reading, writing and arithmetic, the mere tools of knowledge, often a mischievous instrument to the uneducated mind, but so training the intellectual and moral qualities of the individual that he may be able and willing to acquire knowledge. He pointed out the advantage of such an

⁹⁷ Wallas, *Life of F. Place*, 94.

⁹⁸ *Ibid.* 96.

⁹⁹ *Hansard* (New Ser.), ii, 49.

¹⁰⁰ *Ibid.* (3rd Ser.), xvi, 633-4.

¹ *Ibid.*

² *Ibid.* xvii, 592.

³ *Ibid.* xx, 139.

education, which would lead to a thorough understanding on the part of the people of the circumstances on which their happiness depended ; what depended on themselves and what on others, what evils resulted from evil authority and what from popular ignorance and vice. He wished to make education compulsory, and in answer to the objection that this would be an arbitrary interference with the rights of the parent, he pointed out that every day prudence compels society to limit the freedom of its members. 'Freedom in itself is not a good thing : it is only good when it leads to good. He thought any comprehensive system should include a series of schools, from infant schools to the university ; but his present plan was confined to infant schools, schools of industry and normal schools. A thorough knowledge of reading, writing and arithmetic should be imparted to all, 'a rough sort of knowledge is useless ; while reading is difficult it cannot be made an instrument of knowledge.' In every parish he would have an infant school and a school of industry. At an early age all children required a similar education, which should provide for due development of the body, prepare the mind for culture, and lay the foundation of habits of application, self-control and sympathy. Children of all classes (except perhaps in London) should attend the same schools during infancy. By this means the richer classes would be brought into intimate union with the poorer, and the interest of the wealthier members of society would be secured in the education of all. Beyond this point the future destination of the scholar would have to be considered. In the schools of industry girls should be taught domestic economy and boys a trade. Every boy should receive a good political education ; he should know the general principles of the government under which he lives and the circumstances which govern the rate of wages, for everyone must see the growing political importance of the mass of the population. 'They will have power—in a very short time they will be paramount. I wish them to be enlightened in order that they may use that power well.' He would also instruct the children in art, music and singing, as providing a source of innocent amusement, so much natural history and physiology as would enable them to understand the ordinary phenomena of nature and preserve their health. Children should be taught in these schools between the ages of seven and fourteen. In the towns he would have continuation schools for such persons over fourteen as might have leisure during the evening, Sundays and holidays. Such schools, he thought, would be of immense service in preventing idle habits and low and debauching pleasures from arising among the youths of the towns. The object of the normal schools would be to create teachers for the national schools, and great care and diligence would be needed in the education of masters if the plan were to be effective. School committees should be elected in each school district by the heads of families or by those contributing to the school rate, and their duties should be to select the schoolmaster and supervise the school. One officer, a member of the cabinet, should be entrusted with a general supervision of all national schools in the country.

This system, which was avowedly founded on the systems of France and Prussia, and provided only for secular education, met with great opposition. O'Connell thought the State should afford facilities for education, but should do nothing more. A compulsory system would, he thought, be impossible; 'the corporal was the great philosopher of the Prussian State, and it was he who made the people there acquiesce in the plans of the government.' He objected to the plan of the normal school, which he declared was used in France by the liberal party to unchristianize the country.⁴ Sir Robert Peel agreed that there would be difficulty in applying a system of compulsion. 'Free countries enjoyed many advantages; so, too, did despotic countries, both in the management of their police and in their means of superintending public education.' It would, however, be found rather difficult to unite the advantages of both in one kingdom, and in England he thought education should be left free from control.⁵

In 1833 £20,000 was voted for the purpose of education. This grant was opposed by Joseph Hume on the ground of its insufficiency, and by William Cobbett, who thought education quite unnecessary and schoolmasters and mistresses 'a new race of idlers.'⁶ This vote was continued year by year, and the money was granted to the two existing societies for the purpose of building schools.⁷

The Whig government, though 'deeply impressed with the desire of promoting the education of the people,'⁸ were deterred by the fear of discouraging individual effort, both on the part of the public and the poor themselves, from taking any more definite steps towards a State system.⁹ The plan of making grants to the two societies seemed to be working well, and no grant was made unless an equal amount was raised by voluntary subscriptions.¹⁰ By this time public interest in the subject was aroused and the 'Central Society for Education' was formed—mainly at the instigation of Sir Thomas Wyse, member for Waterford, and Lord Denman—for the purpose of collecting and diffusing information on the subject, but discussion disclosed great differences of opinion on vital subjects. The main controversies turned on the subjects of religious education, compulsion and gratuitous education. The opinion of ministers and many others was that facilities should be offered, compulsion avoided as a violation of individual liberty, and every encouragement given to voluntary effort. Few favoured the exclusion of religious education.

In 1839 ministers unfolded their plan for a further extension of education.¹¹ Lord John Russell, in explaining their proposals in the Commons, pointed out how backward England was in this matter compared with other countries, and thought 'that the time was come when we ought no longer to remain with arms folded.' He showed what a great advantage continental countries and the United States derived from the fact that the

⁴ *Hansard* (3rd Ser.), xx, 169-70.

⁵ *Ibid.* 173.

⁶ *Ibid.* 733-6.

⁷ *Ibid.* xxiv, 127.

⁸ *Ibid.* xxvii, 1333.

⁹ *Ibid.* 1293; xxix, 71.

¹⁰ *Ibid.* xxix, 73.

¹¹ *Ibid.* xlv, 273.

education of the people had from the beginning been undertaken by the State. The government had been unable to devise any general plan for founding new schools to which both Churchmen and Dissenters would subscribe, and they could not agree to a system lately propounded,¹² that the Church, and the Church alone, should conduct the education of the country. It was therefore thought better that a body should be appointed consisting of the President of the Council and five other members of the Privy Council to consider the manner in which the grants should be distributed. Their first care should be the foundation of a normal or model school, to provide religious instruction, general education, moral training and instruction in some trade or profession. The funds were still to be distributed through the two societies, but grants would not be refused to other schools, if it seemed advisable to make them. The proposed normal school was to have a chaplain of the Established Church, and special provision made for the religious instruction of Dissenters. This scheme aroused great opposition and had to be dropped.¹³ The proposed committee was also much criticized, but was appointed, with Dr. Kay, afterwards Sir J. P. Kay Shuttleworth, as secretary.¹⁴ A vote of £30,000 was carried only by a very small majority.¹⁵ Disraeli opposed on the ground that this plan was a step towards paternal government, 'that system of a barbarous age.' Wherever was found a paternal government, as in China, Persia, Prussia and Austria, there was found a State education. 'It had been discovered that the best way to ensure 'implicit obedience was to commence tyranny in the nursery.' He admitted that the doctrine of State interference was specious, but doubted whether it was consonant with the experience of this country. 'The statesmen who preceded the present generation had always acted on a system diametrically opposite. They had always held that the individual should be strong, the government weak, and that to diminish the duties of the citizen was to imperil the rights of the subject.' To that system he ascribed the united enjoyment of those two great blessings of social life, liberty and order.¹⁶

Lord Brougham, who had for some years been pressing a Bill, in which the superintendence of the Established Church was recognized, withdrew it after the introduction of the government measure. 'He had never been able to convert Dissenters to his view.' 'The Church wished for education, but they wished to keep down the sects a little more. The Dissenters wished for education, but they wished to pull down the Church a little more. Now between these two feelings, springing from the same base origin . . . the interests of the people and of education were sure to fall prostrate, hopelessly prostrate, unless their lordships interposed and formed a plan on wise, universal, liberal and catholic principles.'¹⁷

In 1840 a working arrangement with the Church party was reached; a government inspector was to be admitted to the national schools on condition that his appointment had been sanctioned by the Archbishops,

¹² See speech of Bishop of Chichester in *Hansard* (3rd Ser.), xlix, 308.

¹³ *Hansard* (3rd Ser.), xlix, 128.

¹⁴ G. Wallas. *A Century of Education*, 130.

¹⁵ *Hansard* (3rd Ser.), xlviii, 731.

¹⁶ *Ibid.* 578-89.

¹⁷ *Ibid.* l, 591.

and his retention in office depended on the Primate's veto.¹⁸ This naturally led to difficulties with the British and Foreign Society, but the matter was settled in 1843 by a promise from the President of the Council that no inspector of the society's schools should be appointed without the concurrence of the committee.¹⁹

A committee had reported in 1828 on the subject of education in Ireland, and had recommended the formation of a board of education,²⁰ acting under the control of government, subject to full responsibility for the foundation, control and management of public schools for general instruction, in which children of all denominations should be educated together, special arrangements being made for separate religious instruction. Steps were taken for carrying out this plan in 1831, and the board was constituted in 1832. Stanley, on 6 May 1832, when discussion arose in Parliament on the plan, stated that he was far from thinking it was perfect, but he believed it was the most likely to unite people of all religious persuasions. On 23 July following £37,500 was voted in aid of the new system, and the board was incorporated by Royal Charter in 1844.²¹

The early years of the Whigs' administration were disastrous for the farmer. Successive wet seasons from 1828 to 1831 caused an outbreak of rot among sheep, worse than had been known for many years, and the rioting among agricultural labourers during the winter 1830-1, when ricks, threshing machines and farm buildings were ruthlessly destroyed, must have ruined many farmers. Committees were appointed and debates held in Parliament, but farmers were told by Sir Robert Peel that they must rely on their own exertions.²² The need, too, for improvements in methods of farming had been urged by many speakers in the numerous debates on the Corn Laws between 1839 and 1841, and the system of the English farmer was unfavourably compared with that of the Scotch agriculturist. As early as 1827 Charles Grant stated that a great deal of money had lately been laid out in the improvement of underdraining, and that the importation of manure was increasing every year,²³ but it was not till later, when the researches of Davy and Liebig were made known, that artificial manures were used to any large extent in England. Guano was first introduced in 1840. James Smith had in 1831 published an account of the results of a system of drainage whereby, at his farm in Deanston, he had converted a rush-grown marsh into a garden, and his pamphlet attracted much attention. Evidence given before the Lords' Committee of 1837 showed that much drainage had already been undertaken at the expense of landlords. The steam engine was applied to the drainage of the fens in Cambridgeshire, Lincolnshire, and other eastern counties, which had formerly been dependent on the uncertain power of windmills, with most beneficial results.²⁴

¹⁸ *Hansard* (3rd Ser.), lv, 975.

¹⁹ Wallas, *A Century of Education*, 132.

²⁰ Public money was then distributed by a private society, the Kildare Street Soc.

²¹ Nicholls, *Hist. of Irish Poor Law*, 117.

²² *Hansard* (3rd Ser.), xxxv, 304.

²³ *Ibid.* xvii, 182.

²⁴ Porter, *Progress of the Nation* (1851), 154-5.

As the dissolution of the Board of Agriculture had in 1822 been one of the symptoms of distress, so the foundation in 1838 of the Royal Agricultural Society of England was at once a sign of revival and a powerful agent in restoring prosperity. Among the founders of the society were many of the best-known landowners and most practical agriculturists of the day. Their association in a common cause carried weight and authority throughout the whole country. The society met a recognized want in the right way. It proclaimed the alliance between practical farmers and men both of capital and science, and indicated the directions in which agriculture was destined to advance.²⁵

Farmers also profited largely by the facilities offered by the railways for the cheap and expeditious conveyance of their produce, and the early years of the reign of Queen Victoria opened a new era for the agriculturist, who had been since the peace passing through a time of gloom and depression.

The organization of labour by various new schemes was brought prominently before the public in the year succeeding the distress of 1827-9. The operatives of individual trades had hitherto combined under trade societies, known as trade clubs, associations or unions, but the frequently recurring strikes by members of district trade clubs were found to be quite ineffective. As a natural consequence there was an endeavour to form larger combinations of wage earners by the establishment of trades unions comprising various trade unions or trade clubs.²⁶ The scheme originated with the Lancashire cotton spinners, who formed in 1829 the Grand General Union of the United Kingdom, a combination almost wholly confined to the textile trades. This society was apparently superseded in the following year by the National Association for the Protection of Labour, which soon enrolled a large number of separate unions, mostly, however, of the textile trades. It established a press of its own, held meetings of delegates, and organized strikes, but it lost the confidence of the unions and disappeared in 1832. Its place, however, was taken by other trades unions, the chief of which was the Builders' Union or General Trades Union, founded somewhat on the lines of a Freemason Lodge. But the excesses of these unions and their dictatorial methods compelled the masters to insist on a formal renunciation of them by their workmen, which weakened the organization and eventually extinguished it.²⁷ Robert Owen, who had taken an interest in all these combinations and had addressed the Builders' Union on the doctrines 'that labour is the 'source of all wealth,' and that 'wealth could be retained in the hands of the 'producers by a universal compact among the productive classes,'²⁸ in 1833 launched an ambitious scheme of economic co-operation. His idea was a great association to include all the working classes of the country; all individual competition was to cease, all manufactures to be carried on by 'national

²⁵ Prothero, *op. cit.* 359.

²⁶ The distinction at this date between a trade union and a trades union was that the one was a combination of members of one trade and the other a combination of different trades (Webb, *Hist. of Trade Unionism*, 102).

²⁷ Webb, *Hist. of Trade Unionism*, 102-21.

²⁸ *Ibid.* 139.

companies'; all trades to form associations, and all individuals of a specific craft to become members.²⁹ The instruments of production were to become the property, not of the community, as in the modern Socialist system, but of the actual producers, and the function of the brain worker was entirely disregarded. His efforts culminated in 1834 in the formation of the 'Grand National Consolidated Trades Union.'³⁰ Owen was its chief propagandist, and became the first Grand Master of Auxiliary Lodges. In a short time it was joined by at least half a million workers, including thousands of farm labourers and women workers.³¹

The attention of Lord Grey's ministry had been directed when they took office to this new phase of the trades union movement,³² but they had realized that repressive legislation was impracticable and no special steps were taken. In 1834 the extension of the movement to the agricultural districts thoroughly alarmed the ruling classes and action was taken. Six labourers of Tolpuddle, in Dorset, who had endeavoured to form a branch of the 'Grand National,' were convicted under an obsolete statute for administering an unlawful oath, and sentenced to seven years' transportation. The whole organization of the 'Grand National' was directed to protest against this sentence,³³ and the Radicals in Parliament pressed for a mitigation.³⁴ Place advised remission, accompanied by a declaration of the law against combination,³⁵ but ministers refused any mitigation of the sentence, and Lord John Russell defended their action on the ground that a severe punishment was necessary for the sake of example.³⁶ A monster procession of trade unionists to the Home Office to present a petition created great alarm,³⁷ and the dislike of the middle-class public for the trades unions was greatly intensified. Many masters dismissed employees who refused to abjure the unions.³⁸ A series of unsuccessful strikes, which the executive vainly tried to prevent, shook the credit of the 'Grand National' and the new revolutionary movement collapsed.³⁹ It had, while it lasted, superseded political agitation; on its fall the minds of working men returned to political remedies, and the Chartist movement was the outcome partly of the failure of the trade union movement and partly of the discontent caused by the new Poor Law.

In 1837 there was a sensational strike of cotton spinners at Glasgow, followed by the severe punishment of the leaders, who were convicted of instigating murder during the course of the strike.⁴⁰ A great wave of popular indignation against the unions was followed in 1838 by a parliamentary inquiry on the motion of O'Connell,⁴¹ who stated that trade was being driven

²⁹ Webb, *Hist. of Trade Unionism*, 119.

³⁰ Webb, *op. cit.* 144.

³¹ *Ibid.* 105-20.

³² Webb, *op. cit.* 103.

³³ *Hansard* (3rd Ser.), xxviii, 1251-3. The sentence was mitigated in 1835, and free pardon granted in 1836 (*ibid.* xxviii, 1235; xxxii, 253).

³⁷ *Ibid.* xxiii, 95.

³⁸ Webb, *op. cit.* 122.

⁴¹ *Ibid.* xi, 1059. The terms of his motion were amended by the Chancellor of the Exchequer.

³² *Hansard* (3rd Ser.), xxiii, 102.

³³ *Ibid.* xxii, *passim*.

³⁴ *Ibid.* 114.

³⁹ *Ibid.* 135-7.

⁴⁰ *Hansard* (3rd Ser.), xxxix, 983.

from Dublin and other parts of Ireland owing to the domineering conduct of the men, who tried to keep up wages by limiting the numbers to be employed in any factory.⁴² In other places great distress had been caused by the introduction of machinery with inconvenient rapidity, 'high wages and dictation having sharpened the wits of masters and their agents' and stimulated their ingenuity in the production of new machinery.⁴³ The inquiry was confined almost entirely to Ireland and Scotland, and the committee separated without drawing up a report, but its appointment seems to have had some effect in tranquillizing the workmen.⁴⁴

Benjamin Rotch, member for Knaresborough, had in 1834 wished to bring in a Bill 'to protect from the domineering and often cruel interference 'of the trades unions the rights and privileges of those of the working classes 'who are not inclined to join such associations,'⁴⁵ and Hume and the Radicals had some difficulty in preventing legislative interference, the government showing a tendency to take the part of the masters.⁴⁶ The commissioners who sat in 1841 to inquire into the condition of the handloom weavers believed that much of the distress among the working classes was to be ascribed to the tyranny of the unions. They thought that the right of the working man to employ his strength and skill in the way he considered most for his own interest, so far as he did not interfere with the exercise of a like free will on the part of another, was a right as sacred as any for the protection of which laws were maintained, and it was the duty of the State to protect that right. This, they affirmed, the Act of 1826, which they believed was very imperfectly understood, failed to do. They advised some relaxation of the common law respecting combinations, since there was scarcely an act performed by workmen, as members of a trade union, which was not a conspiracy and a misdemeanour, heavily punishable under the common law; and an extension of the statutory process and penalties to some acts now subject only to the severer punishment of the common law. No legislation followed, and the Act of 1826, in spite of its defects, remained the law until 1875.

The activities of Robert Owen, although they may not have achieved much at the time, initiated ideas which have profoundly affected working-class thought ever since. One of the most prominent of the Owenite schemes was the communal village or village of co-operation. The idea was based on that of John Bellers, who published his 'Colledge of Industry' in 1696. Owen also had before him examples of 'houses of industry' more or less successfully established earlier in the century on less ambitious lines at Newport, Isle of Wight, Benenden and Cranbrook, in Kent, and elsewhere. His scheme was to found villages of from 1,200 to 1,500 persons who were to be employed in agriculture and manufactures for the common interest of the community. Each village was to be in the form of a

⁴² *Hansard* (3rd Ser.), xl, 1090.

⁴³ *Edinburgh Review*, lix, 357.

⁴⁴ Webb, *op. cit.* 155-7.

⁴⁵ *Hansard* (3rd Ser.), xxv, 750.

⁴⁶ *Ibid.* xxii, 157.

large quadrangle, on three sides of which were to be tenements or flats for the married couples and the fourth was for the children over three years of age. In the middle of the quadrangle were to be dining rooms, schools, lecture halls, etc.⁴⁷ Owen's scheme found favour with philanthropists of the day, and much money was lost by the experiments tried in founding villages at Orbiston, near Glasgow, in 1825, and a little later in London and Exeter and also at New Harmony, in Indiana. Such artificially created communities, cut off from the life of the nation, were foredoomed to failure, their rules provided no punishment for idleness, no reward for industry and no outlet for ambition. It was, however, out of this scheme that there developed the 'General Co-operative Store' or 'Union Shop,' a movement which began in 1828. The plan was the formation by subscription of a fund to be invested in goods, placed in a common store from which all members purchased. The profit formed a common capital, which was again laid out in goods. As the capital grew the society would gradually be able to employ some of its members, and ultimately all of them. The society might then purchase land and form a community. At first these shops were little more than grocery stores, but later some of them reached the further stage of employing their own members in manufactures. About 1830 there was a tendency towards the association of members of the same trade for the purchase of material and assistance of members out of work, and with an ultimate view of giving employment to the whole of their number. It was soon found that a wider market was necessary for the success of these associations, and central stores or exchange bazaars were established in 1830 for the sale of goods without the intervention of the middleman. These bazaars developed into labour exchanges, a magnified form of bazaar, the first and most important of which was established in the Gray's Inn Road in 1832. The method adopted at these exchanges was the issue of labour exchange notes as currency without bringing coin into use. The principle relied upon was that, labour being the source of all wealth, the cost of labour was the true measure of value. The notes represented hours of labour taken at the value of 6d. an hour. Thus a joiner who sold a piece of furniture to the exchange would add the value of the raw material to the value of his labour and the result in sixpences would be the value in the 'time standard' payable to him in labour exchange notes which he could expend in the labour exchange for food, clothing or other articles. Owen and his fellow workers preached their principles throughout the country, but the development of their scheme was left to those who were unequal to the charge of an enterprise of such magnitude. The exchanges flourished for a year, but few survived the summer of 1834. Their failure was attributed partly to religious and other differences among the promoters,⁴⁸ but the scheme of exchanges was inherently weak, inasmuch as it provided no means of adjusting the quantity and quality of the goods bought for exchange to the needs of consumers.

⁴⁷ Podmore, *Robert Owen*, ii, 392 *et seq.*; Potter, *Co-operative Movement in Great Britain*.

⁴⁸ *Ibid.*

CHAPTER V

REPEAL OF THE CORN LAWS

(1841 to 1852)

IN September 1841 Peel took office, on the defeat of Lord Melbourne's government, with one of the largest majorities of modern times. It has been said that his administration marks the beginning of an economic era, when the social and industrial condition of the people 'took the place of fantastic follies about foreign dynasties and the balance of power as the 'true business of the British statesman,'¹ a statement which, whether correct or not, admirably reproduces the mid-Victorian atmosphere.

The elections had been stormy. Public opinion was almost for the first time deeply stirred by the free-trade controversy. There were many cases of bribery, intimidation, and violence.² The ministry, which had lost credit as it clung to office, damaged free trade by its belated courtship. Its handling of the elections has been described as 'curiously maladroit,'³ and, despite the activities of the Anti-Corn Law League, it lost heavily at the polls. Its policy, said Brougham, had been presented to the people as a revenue measure rather than as a commercial measure, a tax upon food instead of a free trade in corn,⁴ and Disraeli spoke of 'a rickety and staggering government' which had raised the cry of cheap bread and cheap sugar in vain.⁵ At the instigation of Russell the Whig ministry took its stand on the principle of a small fixed duty on corn of 8s. a quarter, which remained the official policy of the party for the next few years. The ministry was, however, defeated in both Houses,⁶ and on 30 August Melbourne resigned.⁷

Peel had to face a very serious situation. He had to follow a spendthrift government which had accumulated a debt of over £7,000,000,⁸ 'carrying 'on war in several places with a peace establishment and trying to finance 'it without a parliamentary grant.'⁹ The country was in a state of distress and misery which later gave to the period the sinister name of 'the hungry forties.' Trade was depressed, factories and workshops were idle,¹⁰ unemployment was general. The rapid increase of population, amounting to about a quarter of a million a year,¹¹ intensified the sufferings of the people.

¹ Morley, *Life of Gladstone*, i, 183.

² *Hansard* (3rd Ser.), lix, 46, 98, 103; lxiii, 321-30, 471-4, 476, 481, 560, 609, 908, 961-2, 978-9, 1057, 1105, 1107, 1117, 1242.

³ Morley, *Life of Gladstone*, i, 175. See also Brougham in *Hansard* (3rd Ser.), lix, 98.

⁴ *Hansard* (3rd Ser.), lix, 101.

⁵ *Ibid.* 174-7.

⁶ *Ibid.* 34, 35, 106, 449.

¹⁰ *Ibid.* 59, 799, 857. About seventy mills in Lancashire had been closed and the workers were unemployed.

¹¹ *Hansard* (3rd Ser.), lix, 31, 58.

⁷ *Ibid.* 473.

⁸ *Ibid.* lxix, 137, 545.

⁹ Wellington in *ibid.* lix, 74.

The poor rate was rising and the general increase in the death-rate was ascribed to the low level of wages and the high price of food.¹² A list of the trades greatly distressed, given in 1841 by Charles Villiers, the nominal head of the free-trade party,¹³ included hardware, nail making, silk and woollen manufactures, cutlery, carpet weaving, hosiery and lace, glove making and shoe making. In Sheffield there were 2,000 houses unoccupied and the workmen were emigrating to America;¹⁴ in Manchester people were starving on 1½d. a day.¹⁵ All over the country the handloom workers, displaced by the introduction of machinery, were literally starving, and owing to their destitution the rate of mortality in Glasgow had nearly doubled.¹⁶

The agitation for the repeal of the Corn Laws grew in violence, and crowds of destitute people, inflamed by the leaguers' denunciations of 'the 'base, bloody, and brutal landlords who stole the bread of life from the poor,' looked to the Corn Laws as the cause of all their sufferings.¹⁷

Peel's natural caution prevented any attempt to deal with these grave embarrassments at once. While speaking feelingly of the prevailing distress, he proposed to take time to mature his plans, and announced the prorogation of Parliament until the new year.¹⁸ This decision was violently assailed. Brotherton, a Radical cotton manufacturer, member for Salford, said that distress, disease and crime were increasing; his principle was 'Perish party, but give the people bread,'¹⁹ and Cobden threatened the House with violent agitation during the coming winter against a Corn Law 'baptized in blood, begotten in violence and injustice and perpetuated 'at the expense of the tears and groans of the people.'²⁰ The other side of the picture was presented with equal violence by Ferrand, who stated that much of the prevalent misery was due to the selfish greed of the manufacturers, who forgot that property had duties as well as rights. He gave alarming statistics of the mortality in factories and told Cobden that 'every 'farthing he had gained by the cotton trade was dyed in the blood of the 'poor.'²¹

The Queen's Speech at the opening of the new session, on 3 February 1842, alluded in guarded language to the burning question of the day.²² Peel announced that the Corn Laws, 'at present of awful importance,' were to be considered first,²³ and his eagerly awaited statement was made on 9 February. While announcing that the Corn Laws were to be modified and amended, he deprecated false hopes, as he did not expect his proposal

¹² *Hansard* (3rd Ser.), lix, 377. 'Pauperism and crime attained not their relative but their actual maximum in 1842. One person in every eleven was a pauper.' Spencer Walpole, *Hist. of Engl. from 1815*, v, 503; Sydney Buxton, *Finance and Politics*, 43-4.

¹³ *Hansard* (3rd Ser.), lix, 377.

¹⁴ *Ibid.* 212.

¹⁵ *Ibid.* 120.

¹⁶ The average wages of a good weaver had fallen from 26s. in 1814 to 5s. 4d. in 1833 (*Hansard* [3rd Ser.], lix, 245-9).

¹⁷ See speeches by Brotherton, Cobden and Villiers throughout the 1841 debates.

¹⁸ *Hansard* (3rd Ser.), lix, 538-56, 636, 772-81.

¹⁹ *Ibid.* 574.

²⁰ *Ibid.* 576-82. See also *ibid.* 233-45 and speeches by Stewart and Bowring (*ibid.* 758, 1017).

²¹ *Hansard* (3rd Ser.), lix, 942.

²² *Ibid.* lx, 1.

²³ *Ibid.* 66, 71.

to mitigate materially commercial distress. He thought the recent depression was due to a reaction after the trade excitement of 1837 and 1838, and was intensified by monetary troubles in the United States and by the war with China. These evils of alternate depression and excitement appeared to him to be unavoidable in a great manufacturing country.²⁴ 'Coincident with the general prosperity there might exist in particular 'districts the severest partial distress,' especially among the manual labourers displaced by machinery.²⁵ The fact that there had been a considerable rise in the export trade with Germany, Holland and Belgium²⁶ (the chief sources of the supply of grain) seemed to prove that the Corn Laws could not be responsible for the existing depression. He admitted that meat, corn and provisions were dearer in England than abroad, but argued that this did not prove that the Corn Laws lowered the standard of comfort. Wages had to be considered as well as prices when estimating the consuming power of the people. He gave an interesting comparison between England and Prussia in this respect, giving figures on the basis of which he concluded that the labouring classes in England enjoyed a far greater command of the necessities and comforts of life in spite of grain being nearly double the price in England.²⁷ The rapid increase of population during the last decade, he went on, had made a certain amount of dependence on foreign supply inevitable, but the foreign supply ought not to be regularly regarded as the chief source of subsistence. Since favourable harvests in England and on the Continent usually coincided, he thought that the adoption of a fixed duty on wheat would flood the English market with cheap foreign corn whenever there was a good harvest, whereas in a time of general scarcity no government could undertake to enforce the payment of a fixed duty.

These arguments prepared the House for Peel's proposal to retain the sliding scale with certain modifications. Peel's scale started with a lower maximum duty, wheat at 50s. a quarter paying 20s.,²⁸ the duty diminishing to 1s. when the price was 73s. as in the old scale. But there was an important difference. The scale was less 'steep' than the former one, and there were two 'rests' in the scale, wheat from 52s. to 54s. paying a duty of 18s. a quarter and wheat between 66s. and 68s. paying a duty of 8s. He hoped that this would check the speculations of the corn dealers, who had been tempted by the very rapid diminution of duty under the old scale to hold back corn in

²⁴ Melbourne had made a speech on the same lines (*Hansard* [3rd Ser.], x, 21, 22).

²⁵ *Ibid.* lx, 205.

²⁶ For figures see *ibid.* 207.

²⁷ He gave the following figures as to the annual consumption per head of the population in 1840 :—

	England.	Prussia.
Meat	50 lb.	35 lb.
Sugar	17 lb.	5 lb.
Tea	1 lb.	$\frac{1}{4}$ lb.
Wheat	1 qr.	1 bus. ; 3 bus. rye.
Butter	1 lb.	2 lb.
Tobacco	3 lb.	1 lb.

The English consumption per head of woollen and cotton goods was more than double the Prussian (*Hansard* [3rd Ser.], lx, 211).

²⁸ In the former scale wheat at 59s. a quarter paid a duty of 27s.

the hope of getting higher prices.²⁹ He thought the outcry against dealers for what was called 'practising on the averages' exaggerated, but the new scale would make such speculation less profitable. A number of new towns was added to the list of those from which the averages were derived and the buyers of grain were in future to make returns to the excise officers.³⁰ Colonial wheat was to pay a duty of 5s. when wheat was below 55s. a quarter in England, the duty falling to 1s. when the price in England reached 58s. In Peel's view if wheat varied between 54s. and 58s. a quarter it would be a reasonable price, under which agriculture would be receiving a fair remuneration. Peel asserted that his proposals meant a considerable decrease in protection. The small additional sum which the duty would add to the price of domestic produce was to be regarded as a 'security and insurance' against the calamity of dependence upon foreign countries for England's food supply.³¹

Lord John Russell denounced Peel's proposals.³² Speculative and abstract writers, commercial men and indifferent spectators had all agreed that a sliding scale was the worst basis on which to construct a Corn Law.³³ Dependence on foreign corn being now inevitable, the true resource was to call upon the whole world to supply grain. He showed himself doubtful about his own plan of a fixed duty by admitting that when corn rose to a very high price it would be difficult to exact a fixed duty and threw out a suggestion that when corn rose above 73s. the duty might fall to one shilling.

Gladstone, then Vice-President of the Board of Trade under Lord Ripon, fastened on this admission in his reply and showed that Lord John Russell had endorsed the principle of a fluctuating duty and opened the door to the very speculations he was anxious to prevent.³⁴ Russell's duty, he said later, was 'a tableland terminating in a precipice,'³⁵ while Peel said the only difference between his sliding scale and Russell's was that 'the noble lord 'slides upon one leg.'³⁶ Gladstone's speech was an orthodox protectionist utterance.³⁷ He argued that the introduction of the sliding scale had diminished fluctuations in price and showed that in Prussia, where there was no sliding scale, prices had varied much more than in England.³⁸ He denied that the sliding scale shut out American corn from England, since it only took six weeks on the average to get corn from New York to this country,³⁹ and the fluctuations in duty in that period were not likely to be sufficient to make the consignment of corn to the British market very speculative. He thought agriculture in England could reasonably claim protection from foreign corn offered at an unreasonably low price.

²⁹ *Hansard* (3rd Ser.), lx, 219.

³⁰ A list of 156 towns was given later.

³¹ *Hansard* (3rd Ser.), lx, 231-4. See also *ibid.* 602, 611.

³² *Ibid.* 335-58.

³³ The leading economists of the time, Ricardo and McCulloch, supported Russell's fixed duty (Bernard Holland, *Fall of Protection*, 165).

³⁴ *Hansard* (3rd Ser.), lx, 384.

³⁵ *Ibid.* lxvi, 494.

³⁶ *Ibid.* lx, 593.

³⁷ See Morley, *Life of Gladstone*, i, 184-5, for an account of Gladstone's gradual conversion to free trade.

³⁸ For figures see *Hansard* (3rd Ser.), lx, 369.

³⁹ This statement was challenged (*ibid.* 370), but Peel gave evidence to confirm it later (*ibid.* 962), showing that the time occupied by an average voyage was twenty-three days (*ibid.* lxi, 396).

The injurious effect of the Corn Laws on the currency, by causing a drain of gold, was dwelt upon by W. Williams, member for Coventry, and other members. It was said that £15,000,000 in gold had been exported within the last four years.⁴⁰ The lack of a regular import trade meant that in times of scarcity the world had to be ransacked for supplies to avert famine. Corn had to be obtained from Egypt, Odessa, or the valley of the Mississippi, and had to be paid for by the export of bullion, as British manufactures were unknown and therefore unwanted.⁴¹

After a speech from Palmerston stigmatizing Peel's proposals as 'disturbing everything, settling nothing and pleasing nobody,' and appealing to the House not to fly in the face of Providence, 'fettering the inborn energies of man and setting up their miserable legislation instead of the great standing laws of nature,'⁴² the House divided, Lord John Russell's motion being defeated by a majority of a hundred and twenty-three.⁴³ The strongest opponents of Peel's proposals were the Radical or extreme free-trade party, whose position in the new Parliament was defined soon afterwards by Villiers's motion for the total and immediate repeal of all duties on corn, grain, meal and flour.⁴⁴ Villiers, the Radical member for Wolverhampton, made no attempt to ally himself with the Whig party, but boldly argued that all Corn Laws and laws in restraint of trade were wrong and that English industry and agriculture had nothing to fear from unlimited foreign competition.⁴⁵ He ridiculed the idea that the special burdens on land were sufficient to make it necessary for the bread of the whole nation to be taxed, and contrasted these burdens with the burdens on the working classes, whose average wages in Warwickshire were under 11s. a week. The tax paid by a labourer on his food and drink had been estimated at £13 13s. 6d. a year.⁴⁶ The theory that land would be thrown out of cultivation by the free import of wheat was unsound. There was already a yearly deficiency of about 2,000,000 quarters, while the most sanguine repealer did not expect more than 4,000,000 quarters to come in under a system of free trade.

Macaulay urged that, since England had to depend on foreign corn for some part of the 25,000,000 quarters annually consumed, constant dependence was to be preferred to casual dependence. 'Next to independence, and indeed amounting to practically the same thing, is a very wide dependence, a dependence on the whole world, on every state and every climate.'⁴⁷ Crops would not fail everywhere in the same year, nor would England be at war with the whole world at once. Even during the height of the Napoleonic war in 1810, England had imported 800,000 quarters of wheat from France and 800,000 quarters from countries conquered by France.

Statements of this kind were constantly repeated throughout these debates, but, according to the best modern authority, Napoleon could have

⁴⁰ *Hansard* (3rd Ser.), ix, 469. See also Scott, *ibid.* 552 *et seq.*; Hastie, *ibid.* 556-7.

⁴¹ *Ibid.* 453.

⁴² *Ibid.* 619.

⁴³ *Ibid.* 620.

⁴⁴ 18 Feb. 1842 (*ibid.* 648-74). Only ninety members voted for the motion. Villiers moved a similar resolution annually between 1838 and 1846.

⁴⁵ See also *ibid.* 676.

⁴⁶ *Ibid.* 669.

⁴⁷ *Ibid.* 753.

starved England out, if he had tried to do so, owing to a series of bad harvests.⁴⁸ He actually encouraged the export of corn to England during the critical years on the bullionist theory that it would drain away English gold and produce bankruptcy. The former freedom of importation, on which free traders, unchallenged, built their elaborate arguments, was due only to Napoleon's mistaken economics.⁴⁹

On the relation between the price of food and wages—a point vital to any Corn Law discussion—there was much difference of opinion. Gladstone was struck by the essential unsoundness of Villiers's argument that 'under the present Corn Law our trade, on which we depend, is doomed, for our manufacturers cannot possibly contend with the manufacturers of the Continent if they have to pay wages regulated by the protection price of food while their rivals pay according to the natural or free trade price.' The reply to this was obvious—that Villiers's object was to reduce the wages of the workpeople, and the cry was raised that cheap food meant low wages. Stuart-Wortley, member for the West Riding and a writer on economics, further appealed to the economists, Adam Smith, McCulloch and Ricardo, in support of his contention that when food was cheap wages declined,⁵⁰ and the protectionist Lord Granby (afterwards sixth Duke of Rutland) declared that in all the countries of Europe low wages were the consequence of cheap food.⁵¹ As Gladstone observed, 'It was Cobden who really set the argument on its 'legs' by his vigorous onslaught on 'the fallacy of 1815 . . . that wages 'rose and fell with the price of food.'⁵² Villiers's resolution was lost by a majority of 303.⁵³ The first of Peel's scale of duties was passed on 25 February 1842 by a majority of 202,⁵⁴ the rest of the scale being then agreed to.⁵⁵

Much of Peel's reputation for statesmanship depends on his financial reforms. When he took office the finances were in a dismal state; expenditure had exceeded revenue year after year, and in spite of taxation on almost every conceivable article, from bulrushes, singing birds and chestnuts upwards,⁵⁶ the revenue dwindled.⁵⁷ The deficit for the year ending April 1842 was about two and a half millions;⁵⁸ there was a war in China and heavy commitments in India and the colonies.

Peel met the situation by bold measures. The deficiency, as he pointed out, was not a casual but a chronic one, and he did not propose to meet it 'by the wretched expedient of continued loans.'⁵⁹ He could not propose any 'increased taxation on the great articles of consumption by the labouring 'classes of society,' and the limit of profitable taxation on other articles had

⁴⁸ Holland Rose, *Life of Napoleon*, ii, 221. 'An imperial decree forbidding the export of corn from France and her allied states could hardly have failed to reduce us to starvation and surrender in the very critical winter of 1810-11.'

⁴⁹ One speaker, indeed, declared that in 1810 Napoleon authorized his generals to become dealers in wheat (Wodehouse, 22 Feb. 1842, in *Hansard* [3rd Ser.], lx, 847), but no notice of this was taken by later speakers.

⁵⁰ *Hansard* (3rd Ser.), lx, 762-3.

⁵¹ *Ibid.* 1046; Ashley, *The Tariff Problem*, 47-50.

⁵² *Hansard* (3rd Ser.), lx, 1082.

⁵³ *Ibid.* 1168.

⁵⁴ See Sydney Buxton, *Finance and Politics*, i, 66.

⁵⁵ See *Hansard* (3rd Ser.), lxi, 432, 993.

⁵⁶ *Ibid.* 425, 862.

⁵¹ *Ibid.* 822.

⁵⁵ *Ibid.* 1172.

⁵⁹ *Ibid.* 430, 1125 et seq.

already been reached.⁶⁰ Though he was confident that by the increased consumption of the articles freed from taxation an increased revenue would ultimately be realized, experience showed that some time always elapsed before the revenue sacrificed was recovered. He instanced wine, tobacco, coffee, hemp and sugar, among other articles, to prove that it was five or six years before the revenue recovered itself after a considerable reduction. Therefore he proposed to impose an income tax at the rate of 7*d.* in the pound,⁶¹ all incomes under £150 being exempt. The tax was to continue for three years, and he estimated the yearly yield at £3,771,000.

Ireland, never yet subjected to income tax, was to be exempted, but was to pay an extra shilling a gallon on spirits instead, thus bringing the Irish rate of tax to 3*s.* 8*d.* a gallon, compared with the English rate of 7*s.* 10*d.*⁶² The stamp duties in Ireland were to be raised to the English level, and, with the spirit duty, he hoped for a revenue of £410,000 from Ireland. The other new source of revenue was a tax of 4*s.* a ton on coal exported both in British and foreign ships.⁶³

He hoped for a surplus of £1,800,000, part of which was to be spent on improvements in the commercial tariff. There were 1,200 articles subject to duty.⁶⁴ The duty on all of these had been reviewed on certain general principles: firstly, the removal or relaxation of all prohibitory duties; secondly, the reduction of duties on raw materials of manufacture to a maximum of 5 per cent., on partly manufactured articles to a maximum of 12 per cent., and on wholly manufactured articles to a maximum of 20 per cent., which would allow fair competition with British goods.⁶⁵ These changes would affect about 750 articles out of the 1,200 on the tariff.⁶⁶

Certain duties which might form a basis of negotiation with foreign countries with a view of obtaining a reduction of the duties levied on British goods—notably wine, brandy and certain fruits—were not to be touched.⁶⁷

Coffee was in future to pay 4*d.* a pound if produced in British possessions and 8*d.* a pound if foreign grown. This replaced a duty of 9*d.* on coffee from India and the East Indies, 6*d.* on other British grown coffee, and 1*s.* 8*d.* on foreign coffee, and would 'get rid of the absurdity of sending coffee from 'Brazil and Hayti to take a voyage to the Cape of Good Hope before it comes 'to England.' ⁶⁸

⁶⁰ Passing possible forms of taxation under review, Peel made the interesting statement that under the penny postage system the Post Office yielded no revenue (*Hansard* [3rd Ser.], 434).

⁶¹ *Ibid.* 439.

⁶² *Ibid.* 446.

⁶³ The duty on coal exported in British ships was reduced to 2*s.* before the committee stage (*ibid.* lxxiii, 1545).

⁶⁴ The Report of the Committee on Import Duties, 1840, revealed an incredible complication of conflicting duties on every conceivable article. See Sydney Buxton, *Finance and Politics*, i, 47-51.

⁶⁵ 'The general rule,' said Peel in a later speech, 'has been to abolish prohibitions and to reduce prohibitory duties within the range of fair competition' (*Hansard* [3rd Ser.], lxxiii, 354, 10 May).

⁶⁶ Peel estimated the cost to the revenue at £270,000.

⁶⁷ They formed the basis on which a commercial treaty with France was negotiated by Gladstone and Cobden (Buxton, *Finance and Politics*, i, 59).

⁶⁸ *Hansard* (3rd Ser.), lxi, 458.

The duty on foreign timber was to be reduced from 40s. to 30s. a load, and in two years' time to 25s., and that on Canadian from 10s. to 1s., 'thus lightening the burden that presses on the springs of manufactures and 'commerce.' Canada was to be treated as 'an integral part of the Empire,' and in order to give time to see that no injury was likely to be inflicted on her, the lower rates were not to come into force till 1843.

A number of export duties on British manufactured woollen, silk and linen goods, hardware and so on were to be wholly abolished at a cost of £108,000 yearly.⁶⁹

All these reductions together meant an estimated loss to the revenue of £3,780,000, and if the new taxes produced £4,300,000 a surplus of £520,000 would be left. Peel was confident that the effect of the proposals would be to make a considerable reduction in the cost of living.⁷⁰ In conclusion he urged the House to face the situation and not adopt 'the miserable expedient 'of adding during peace to the burdens which posterity will be called upon 'to bear.' If they permitted this evil to continue their conduct would be contrasted with that of their fathers, 'who, with a mutiny at the Nore, a 'rebellion in Ireland, and disaster abroad, yet submitted with buoyant vigour 'and universal applause to a property tax of 10 per cent.' ⁷¹

This coherent and far-sighted scheme was welcomed by Lord John Russell as a homage to sound principles in respect of the repeal of protective duties. Though there was a vast amount of criticism on details, it was obvious that Peel's proposals had impressed the House by their boldness and resource, and, except on the question of the income tax, the opposition was not formidable.

The income tax was denounced as the most unpopular tax ever introduced in England, as unequal, unjust and oppressive, a harsh and odious tax, a noxious and inquisitorial tax, a tax productive of guilty evasions, 'offensive to the feelings, abhorrent to the religious sentiments, and revolting to the moral sense of the English people.'⁷² Among the alternatives suggested was a tax on succession to real estate.⁷³ In the course of the debates proposals were put forward which anticipated later changes, such as that a distinction should be made between earned and unearned income.⁷⁴ The view that the income tax was a war tax to be used only at a time of dire necessity was put forward again and again. The feeling against the tax was so strong that after a fiery speech by Sheil, denouncing it as awarding a premium to falsehood and inflicting a penalty on truth, Peel had to reply. Rising at midnight on the spur of the moment, he gave an exhibition of his

⁶⁹ A minor change was the reduction of the tax on stage coaches to equalize matters with the railways.

⁷⁰ See also a later speech, 10 May, in *Hansard* (3rd Ser.), lxxiii, 355.

⁷¹ *Ibid.* lxi, 466. The anachronisms in this speech have been pointed out by Buxton, *Finance and Politics*, i, 54 n.

⁷² *Hansard* (3rd Ser.), lxii, 153.

⁷³ *Ibid.* 96, 1130-64.

⁷⁴ This was suggested by Brougham (*ibid.* lxi, 723-55) and Roebuck (*ibid.* lxii, 1259-66, 1306).

mastery over the House,⁷⁵ and proved that the income tax was vital to the financial stability of the country.⁷⁶

All the energies of the free-trade party were thrown into the struggle against the proposed changes in the commercial tariff, which were all in the direction of an extension of the colonial system by increased preference to colonial goods.

The colonial system was a vital part of the fabric that yielded to the assaults of the free traders in this period.⁷⁷ Though the principle of free trade within the Empire and protection without was as yet grasped by hardly anyone (Disraeli, Stanley and Sir Howard Douglas, who in their speeches anticipated the doctrines of the modern Conservative Imperialists, being conspicuous exceptions), the Tory party were in fairly general agreement that the object of legislation was to 'regulate' the trade with the colonies in channels mutually profitable, and to give a preference to British and colonial goods as against foreign goods.⁷⁸ The Whigs and Liberals had already abandoned this doctrine. Howick, afterwards third Earl Grey,⁷⁹ who was Secretary for the Colonies 1848-52, said that the colonial system tended to weaken rather than strengthen the connexion between the mother country and the colonies. He claimed that the colonies should be allowed complete freedom to trade as and when they liked, and to manage their own affairs without interference. The soundest policy, he said in another speech,⁸⁰ was 'to give the colonies the power of buying whatever they want wherever they can obtain it, at the cheapest rate.' . . . 'the effect of differential duties in favour of colonial produce on the British consumer is to compel him to buy a dearer or a worse article than he could otherwise obtain.'

The ex-Chancellor of the Exchequer expressed his uncompromising hostility to a budget which established duties differentiating between colonial produce and the produce of every other country in every possible case.⁸¹ Lord John Russell, bewildered and indignant, genuinely failed to grasp the imperial development for which Peel was contending, and said that he had created a number of new protective duties 'in mere wantonness.'

The debates brought out the eternal conflict between those whose watchword was 'Plenty' and those who aimed at 'Power.' The middle class spirit, looking to immediate profits and quick returns in trade policy as in everything else, was beginning to prevail over the aristocratic spirit that was accustomed to make present sacrifices for the sake of future gains.⁸²

⁷⁵ Morley, *Life of Gladstone*, i, 195.

⁷⁶ *Hansard* (3rd Ser.), lxii, 154-73. See also *ibid.* lxi, 874, 901-17; lxii, 117, 119.

⁷⁷ For a summary of the colonial system see Bernard Holland, *The Fall of Protection*, 53.

⁷⁸ The Navigation Laws were part of the colonial system. See below, p. 172.

⁷⁹ *Hansard* (3rd Ser.), lxiii, 512-20.

⁸⁰ *Ibid.* lxi, 880-6.

⁸¹ He instanced eau-de-Cologne, corks and tobacco, and his indignation on the subject of asses amused the House (*Hansard* [3rd Ser.], lxi, 844-6).

⁸² Bernard Holland, *Fall of Protection*, 58. The manufacturer expects to turn over his capital rapidly; the landowner has to take longer views. Cf. Cunningham, *Growth of Engl. Industry and Commerce, Early and Middle Ages* (ed. 1910), 470; *ibid.*, *Modern Times*, pt. ii, 876-7.

The point of view afterwards nicknamed 'Little Englander' was anticipated by the Manchester school. In a speech which summarized their views Cobden said that the civil, naval and military establishments of the colonies cost Great Britain five or six millions a year, while three-fourths of the Army and a large part of the Navy were devoted to their defence. This expenditure was incurred for the sake of an export trade of £10,000,000 a year. The people of Great Britain were called upon to pay double its value for every article obtained from the colonies, and the East Indies were the only part of the whole colonial empire which paid its way.⁸³ Business men, he said, calculated the cost of colonial governors, bishops, militia and lighthouses, and asked what advantage the colonies were to Great Britain.⁸⁴

In striking contrast to all this was the attitude of the defenders of the colonial system, the ablest of whom were Stanley, Disraeli and Douglas. In a series of brilliant speeches Stanley, then Colonial Secretary, emphasized the merits of the colonial system. Trade with the colonies was a world-wide trade subject to none of the embarrassments which might arise from trade with European powers—a trade 'which kept entire that strong, that beneficent tie of nationality, that tie of mutual connexion between the different parts of this great Empire which constituted it a protection in war and its strength and glory in peace.'⁸⁵ Sir Howard Douglas, whose speeches showed unequalled grasp of the potentialities of the colonies,⁸⁶ advocated protection throughout the colonial empire as 'the principle which created that empire and by which only it could be kept together.' . . . 'Much has been said,' he continued, 'of commercial unions, hostile tariffs, leagues and rival combinations against the commerce, manufactures and power of this country. Sir, in the vastness and unbounded resources of our colonial empire we possess a league which may defy all rivalry and defeat all combinations and hostility.'⁸⁷ He showed that colonial trade was increasing in a much higher ratio than foreign trade,⁸⁸ and that colonial trade alone promised a secure market for British goods. Neither France nor the United States was in the least degree likely to adopt free-trade principles. The United States, convinced of the dangers of a 'one-sided paralytical free trade,' was about to adopt a much higher tariff which would almost shut out British manufactures. France took a very small amount of British goods, and was increasing the duties on British linen goods, her chief import in this class. If we sacrificed colonial to foreign trade we should sacrifice substance to shadow. Both France and the United States knew it was due to protection and the colonial system that England, 'a spot in the Archipelago of Ocean,' ruled, peopled and civilized about one-fifth of the globe.⁸⁹

The line taken by Peel was uncompromising. If the colonies were to be treated in fiscal matters like foreign countries they would be nothing but

⁸³ *Hansard* (3rd Ser.), lxx, 205-13.

⁸⁴ *Ibid.* lxiii, 1172-5.

⁸⁵ *Ibid.* 533.

⁸⁶ He had been Governor of New Brunswick, 1823-8.

⁸⁷ *Hansard* (3rd Ser.), lxxvi, 50, 52.

⁸⁸ Exports to the colonies had risen from £9,773,412 in 1831 to £17,499,824 in 1840, an increase of over seven millions, or a total increase of fourteen millions (*ibid.* 1289).

⁸⁹ *Hansard* (3rd Ser.), lxiii, 1282-92.

an 'onerous obligation' to England; it would be the end of the colonial empire.⁹⁰ The preferential principle was defended by Gladstone in an interesting speech.⁹¹ The revised tariff, he argued, would effect an approximation to entire freedom of intercourse between the different regions of the Empire. It would do for the colonies what had been done for Ireland years before, and what the German Customs Union had done for the members of the Germanic body.

As part of his policy of fiscal reform Peel proposed, in February 1842, certain modifications of the colonial system. All duties on British goods imported into British North America were to be repealed, the colonial legislature being left to reimpose a revenue duty up to 5 per cent. Gladstone, who had charge of the measure, said that the colonial system, though gradually relaxed since 1815, was still 'extremely onerous'⁹² and compared very unfavourably with the much milder principles prevailing in India and the East Indies. A second proposal was that the Imperial Parliament should repeal all the duties on foreign goods imported into the colonies, in order to sweep away the anomalies and perplexities of the existing tariff, and then reimpose taxation on certain articles 'for the regulation of commerce.'⁹³ The introduction of all other articles into the British colonies should be left free 'as far as respected the authority of the Imperial Parliament.' This last proviso, which gave the colonial legislatures power to frame their own tariffs, marks the beginning of a new epoch. The effect of it was hardly realized at the time. Indeed, later in the session, Gladstone, interrogated as to the exact amount of freedom he proposed to leave the colonies, said that nothing was further from his intention than to leave the differential duties to be controlled by the colonial legislatures. There was to be a 7 per cent. protection and preference in favour of British goods against all other goods whatsoever.⁹⁴

But, though its fate was hidden from contemporary observers, the old colonial system was doomed, and the first step had been taken in giving the colonies that commercial freedom which resulted in their setting up and maintaining a high tariff system—a system in which there was no attempt to allow the 7 per cent. preference for British goods suggested by Gladstone—long after Great Britain had adopted free trade. Curiously enough Gladstone's last proposal had the orthodox protectionist ring. Corn, wheat, flour and salt meat had been imported into Canada free of duty since 1826, but this exemption from duty was now to be removed, and American wheat was to pay a duty of 3s. a quarter. The object was to prevent citizens of the United States sending their corn through Canada to Great Britain.

This proposal aroused some feeling in Canada on the constitutional

⁹⁰ *Hansard* (3rd Ser.), lxiii, 546.

⁹¹ *Ibid.* 527-31.

⁹² *Ibid.* lx, 150-60.

⁹³ For the details of the scheme for repeal, part of which had been inherited by Gladstone from Labouchere, see *ibid.* 160-3.

⁹⁴ *Ibid.* 804. A circular from Stanley in 1843 forbade differential duties. See *Parl. Papers*, 1846, xxvii, 263, pp. 15-30.

principle that it involved taxation of a colony by the British legislature.⁹⁵ Gladstone announced on 25 February 1843 that the government did not intend to proceed with its proposal, but had written a dispatch offering to admit Canadian corn at a nominal duty provided the Canadian legislature imposed the 3s. tax. The Canadian government agreed and the Canada Corn Law was the result.⁹⁶ The prosperity of the Canadian corn trade, however, was short-lived, as it was destroyed by the repeal of the Corn Laws.⁹⁷

The details of Peel's new tariff occupy an immense amount of space in the pages of *Hansard*. The sweeping nature of the changes involved enormous work, much of which fell upon Gladstone, who found himself compelled to advise 'whether the duty on straw bonnets should go by weight or by number; what was the difference between boot fronts at six shillings per dozen pairs and a fifteen per cent. duty *ad valorem*; . . . how to find an adjustment between the liquorice manufacturers of London and the liquorice growers of Pontefract; what was the special case for muscatels as distinguished from other raisins'⁹⁸ and so on. The complexities of the new tariff may perhaps be omitted. In its broad outlines it could be shown to benefit nearly every trade and industry, including even agriculture, which gained by the 100 per cent. reduction in the duty on clover and other seeds and by the general fall of prices. The furniture and shipping trade benefited by the reduced charge on foreign wood, the metal trades by lower duties on iron, lead and copper ores and other trades by reduced duties on fish oils, dyestuffs and drugs.⁹⁹ Reduced charges on the import of foreign meat and lard and fish (herrings, fresh and cured, being the most important), potatoes and vegetables would benefit the poor. Live cattle and sheep were to be admitted at much lower rates, 'to give a security against an extravagant 'increase of price when cattle are scarce,' and the duty on hops was halved. Justifying the wholesale reductions in the duties on foreign manufactured goods, Peel showed that the high duties hitherto imposed were a mere delusion owing to the operations of smugglers. He read a specimen letter from a smuggler 'in a regular way of business' offering to supply lace, silk goods, jewellery, etc., weekly 'by the indirect channel' at very low rates, and exhibited to the House a bundle of unplaited straw, paying a duty of 1d. per cwt., in the middle of which was concealed a parcel of plaited straw, subject to a duty of 17s. 6d. a cwt.¹⁰⁰ He concluded by a significant statement, which was cheered by the Opposition, 'I believe that on the general principle of free 'trade there is now no great difference of opinion, and that all agree in the 'general rule that we should purchase in the cheapest market and sell in the 'dearest.' To this rule the Corn Laws and the sugar duties were exceptions,

⁹⁵ See Peel's explanatory speech, *Hansard* (3rd Ser.), lxi, 738, and *ibid.* lxvii, 1150-2, 1320.

⁹⁶ Permission to import corn from the other colonies and from India at the same rates as from Canada was petitioned for in 1844 and 1845, but refused (*ibid.* lxxiii, 1553; lxxx, 292-342).

⁹⁷ See below, p. 175n. During the Corn Law debates Manners argued for admission of colonial and Indian corn free of duty (*Hansard* [3rd Ser.], lxxxiii, 1095).

⁹⁸ Morley, *Life of Gladstone*, i, 189.

⁹⁹ *Hansard* (3rd Ser.), lxiii, 351-88.

¹⁰⁰ *Ibid.* 369.

but he made it quite clear that expediency, not dogma, had limited his application of free-trade principles on these two points. He thought the change in the Corn Laws was as great as was 'just or prudent, considering 'the engagements existing between landlord and tenant, and also the large 'amount of capital that had been applied to the cultivation of the soil.'¹ He firmly believed that the example set by England of reducing protective duties would ultimately prevail, but even if it did not this ought not to discourage Englishmen from acting on principles they believed to be sound.

From this moment Peel was a free trader. The long delay that followed, which led to many misunderstandings and even to the allegation that he gave way in the end to panic, seems to have been due to his desire to give the agricultural interest time to prepare for the blow. Delay too gave him time to try to convert his party and carry it with him instead of wrecking it.

The change in Peel's attitude did not escape acute observers.² The rank and file of his supporters had become profoundly uneasy. The memory of their leader's change of front on the Catholic question gave a sinister sound to the cheering with which some of his speeches were received by the Opposition. Was Peel going to betray his party once again?³

The whole position was 'as slippery a one as ever occurred in British politics.'⁴ Gladstone, who was making a great impression on the House, was wavering. His arguments, somebody said, were in favour of free trade, while his parentheses were in favour of protection.⁵ Stanley was a firm protectionist, but distrusting his ability to speak on these subjects, was frequently silent.⁶ Disraeli was gradually working himself into actual rebellion. He hinted that he was open to free-trade arguments. 'He would reserve to himself the most unbounded licence, he would not rest his character for political consistency on a fixed duty or a sliding scale.' At the same time he argued that the landed interest must be maintained. Without it England would be like Venice, 'an eagle with but one wing.'⁷

On the other side of the House there was similar confusion. Russell, leading the official Whigs and firm in the policy of a fixed duty that nobody wanted, had to withstand the attacks of the Radicals and Cobdenites, who refused to consider anything but total and immediate repeal, and saw his supporters gradually drifting over to the advanced wing of the party.⁸

The proposal that the importation of foreign live cattle should be allowed on payment of a duty of £1 a head and that foreign meat should be imported at lower rates roused something like a rebellion among the county members, who argued that owing to the high price of imported foodstuffs like linseed

¹ *Hansard* [3rd Ser.], lxiii, 383.

² Labouchere said that Peel 'was a good free trader in everything but corn' (*ibid.* 388).

³ See speeches by the country members, especially Miles, Tyrell and Lord Worsley.

⁴ Morley, *Life of Gladstone*, i, 196.

⁵ *Ibid.*

⁶ Cobden twitted him with being pre-eminently ignorant in commercial matters (*Hansard* [3rd Ser.], lxiv, 1216).

⁷ *Ibid.* lxvi, 627-98.

⁸ See speeches by Cobden (*ibid.* lxiv, 1220) and Gladstone (*ibid.* lxvi, 494).

cake the British grower would not be able to compete with Denmark, Holland and Belgium.⁹ There were hints that Peel had deceived them at the recent election by talking about protection to agriculture.¹⁰

Lower rates for importation were defended by Peel on the ground that the price of meat was extravagantly high and ought to be reduced.¹¹ The annual consumption of cattle in England was between 13,000,000 and 15,000,000, and the vast increase in imports from Ireland had not checked the rise in prices.¹²

Similar discussions took place on other important articles in the tariff—fish, bacon, butter, cheese and potatoes.¹³ The reduction in the duties on copper ores was opposed in the interest of the Cornish mines, in which 40,000 people were employed.¹⁴ The reduction in the duty on fish oils brought opposition from members in the interests of the British fishing trade, which was said to have declined ever since the removal of the bounty on fish oils in 1823. In 1822 the trade employed 322 British ships, with 12,788 seamen, and the number was now 85 ships, with only 3,008 seamen, and a trade which was the nursery of British seamen had been captured by American whalers. Gladstone contended that the falling off in the trade was due to the high price of oil (caused by excessive duties), which encouraged the extensive use of substitutes.¹⁵

On the timber duties Gladstone stated that the timber imported from the colonies formed two-thirds of the whole importation of the country, and the duty on that timber was to be merely nominal.¹⁶

The revival of the export duty on coal, though reduced since Peel first brought forward his scheme from 4s. to 2s. a ton, if exported in British ships, was strongly opposed by the free traders. Gladstone defended it on the ground that British coal was superior to foreign coal and would be bought abroad in spite of the duty, so that the government would gain revenue without reducing the trade.¹⁷ The estimates of experts quoted in the House as to the length of time the coal in the British coalfields would last varied from 200 to 1,700 years, and the arguments founded on these estimates varied in proportion. The loss the duties would cause to the steamship companies was also pointed out. There were now 1,020 steamships in the country, but the profits of distant voyages were not large enough to enable the companies to extend them in the face of further taxation. The Great Western Company had paid only one dividend, and it was impolitic to burden the industry at the moment when foreign countries were subsidizing companies to raise up a steam navy to compete with ours.¹⁸

⁹ *Hansard* (3rd Ser.), lxiii, 617–29, 687–706.

¹⁰ *Ibid.* 630. The *Morning Post* said Peel had not deceived the agriculturists, but had looked on while they deceived themselves (*ibid.* 663).

¹¹ *Ibid.* lxiii, 373–8; lxii, 168.

¹² The importation of pigs from Ireland had risen from 65,000 in 1825 to 384,000 in 1840.

¹³ *Hansard* (3rd Ser.), lxiii, 723–35, 738–55.

¹⁴ *Ibid.* 755–61.

¹⁵ *Ibid.* 891–8.

¹⁶ *Ibid.* 901–3.

¹⁷ *Ibid.* 1548–62. The reduction from 4s. to 2s. meant a deduction of £60,000 from the estimate.

¹⁸ *Hansard* (3rd Ser.), lxiv, 720–3.

Peel acknowledged the support his measure had received from the Opposition, and the Bill was passed on 28 June.¹⁹ On that same day Peel, in reply to a question, informed the House that the French government had raised the duty on English linen and yarn 20 per cent., and there was an unconfirmed report that the Prussian League had raised the duty on woollen manufactures.²⁰ The first considerable victory of free-trade principles in England synchronized with a protectionist victory abroad.

Throughout the session of 1842 there were long debates on the distressed state of the country.²¹ The depression affected nearly every important trade and industry in the country—the cotton trade, the wool trade, shipbuilding, machine making, the potteries, the iron and coal trade.²² All the centres of specialized industries were suffering, the condition of Paisley, owing to a change of fashion which had led to a total cessation of demand for its manufactures, being especially deplorable.²³ Agriculture, in spite of the great improvements in draining, cropping and manuring introduced since 1826, the improvement in sheep breeding and the introduction of machinery which had made British agriculture 'easily the best in the 'world,'²⁴ was far from prosperous and labourers' wages were utterly inadequate.²⁵ Thousands, it was said, were dying of actual want under a murderous Poor Law. Social discontent was spreading. In August 1842 the general distress led to serious riots in the manufacturing districts, which, beginning in Lancashire, spread through Cheshire, Stafford, Warwick and Yorkshire, extending finally to the manufacturing towns of Scotland and the collieries of Wales.²⁶ Hume called attention to a resolution passed by the Common Council of the City of London, reviewing the situation, in which it was stated that 'manufacturers were without a market and shipping without a freight, capital was without investment and trade without a profit . . . there was a working population rapidly increasing and a daily decreasing demand for its labour. Union houses were overflowing as workshops were deserted.' It called for 'an immediate application 'of adequate remedies.'²⁷

On the question of what were 'adequate remedies' there was great difference of opinion. The Chartist agitators and their representatives in Parliament, to whom further reference is made later, pressed for a more democratic constitution as a remedy. Graham said the political remedies for which they asked were 'utterly inadmissible,' while

¹⁹ *Hansard* (3rd Ser.), lxiv, 742.

²⁰ *Ibid.*

²¹ See especially the debates on the 'People's Charter,' said to contain 3,152,752 signatures, presented to the House (*ibid.* lxii, 1372-81).

²² The value of British exports was actually less in 1842 than in the last year of the great war (Buxton, *Finance and Politics*, i, 43). For details of the distress in the great towns see the debate of 1 July in *Hansard* (3rd Ser.), lxiv, 361 *et seq.*

²³ See *Hansard* (3rd Ser.), lx, 178-84, 635; lxiii, 885-7.

²⁴ Holland, *Fall of Protection*, 162.

²⁵ See *Report of Royal Com. on State of Norfolk and Suffolk* quoted by Villiers, 24 May 1842 (*Hansard* [3rd Ser.], lxiii, 698).

²⁶ *Annual Register*, 1842, Chronicle, p. 132; *Hansard* (3rd Ser.), lxviii, 40-127. The riots in Blackburn and Preston were very serious.

²⁷ *Hansard* (3rd Ser.), lxvi, 1282.

Russell expressed his respect for the petitioners and his abhorrence of their doctrines. The bulk of the Radical party, however, represented by men like Villiers, Cobden, Ward, Brotherton, Bowring, and Milner-Gibson, looked to the Corn Laws as the cause of all these troubles and urgently pressed for their repeal by strong speeches in Parliament²⁸ and by the powerful machinery of the Anti-Corn Law League outside. The high prices, they said, caused distress in the manufacturing districts by drying up the demand for their goods. Crime and the poor rate rose with the price of wheat.²⁹ Cobden warned the House about the hopeless state of the manufacturing districts. 'The locust swarms will spread rapidly and the land will have to maintain them . . . in six months populous districts in the north will be in a state of social dissolution.'³⁰ Russell and the Whig leaders thought the Corn Laws were the primary though not the only cause of distress and other members criticized the working of the Poor Law.³¹ Palmerston begged the government not to adjourn Parliament and go to their 'grouse-shooting, their pheasant-shooting and their hunting' without taking any step to attempt to alleviate distress.³² They seemed to be waiting for some miracle to relieve the ills they did not attempt to cure. 'The evils had arisen because the channels of trade were choked up.' America owed large sums of money, and unless Great Britain took American produce it was destitute of the means of payment. The loss of trade with the United States had had a very serious effect,³³ which was analyzed by Lord Howick in an interesting speech.³⁴

Disraeli introduced a new note by arguing that much of the distress was due to the loss of foreign markets by Lord Palmerston's unsuccessful foreign policy.³⁵ 'Five commercial treaties, viz., with France, Belgium, Spain, Portugal and Naples, which would have opened most extensive and profitable markets, had been lost to this country by the misconduct of the late government.' A treaty with France would have opened the French market to the cutlery of Sheffield, the woollens of Leeds and Bradford, the hardware of Birmingham, the locks of Wolverhampton and the potteries of the Midlands. Two commercial treaties, those with Austria and Turkey, had failed through the ignorance or neglect of the late government, the first Austrian vessel which came to England having been seized as violating the Navigation Laws, while the treaty with Turkey imposed higher rates on English than on any other commercial transactions.

A characteristic speech by Palmerston followed. He complained of

²⁸ See the Corn Law debates of 1842 and 1843, *passim*.

²⁹ *Hansard* (3rd Ser.), lxiii, 698.

³¹ *Ibid.* lxiii, 427-54; lxv, 324.

³² 6 July 1842 (*Hansard* [3rd Ser.], lxiv, 1074). Stanley retorted that the difficulties, which were the late government's legacy, would prevent the members of the present government from enjoying any shooting.

³³ This was specially felt in Sheffield and Paisley (*Hansard* [3rd Ser.], lxiv, 861 *et seq.*; lxvi, 613).

³⁴ *Ibid.* lxiv, 1040-5. The House of Lords had a similar debate in the following session, 9 Feb. 1843 (*ibid.* lxvi, 262-303).

³⁵ *Ibid.* lxiv, 891-5; lxv, 419-27.

French jealousy of British skill, capital and enterprise, and stated that the commercial union between England and southern Germany suggested by Disraeli was about as likely as a commercial union between the globe and the moon.³⁶ The German union had adopted the Prussian tariff, which was very unfavourable to British commerce, simply because high duties against Prussian timber and corn were maintained. If these duties were lowered England would find that the German union, 'instead of being an impediment, 'would be a facility to the trade of the country.'³⁷

The Anti-Corn Law League, which originated among the manufacturers of Manchester in 1838 and had among its founders Bright, Cobden, Fox and Milner-Gibson, was strongly supported by wealthy mill-owners and merchants of the midlands and north of England. There was no lack of means to organize an elaborate scheme of propaganda throughout the country by lecturers and pamphlets. This 'great capitalist class,' as Cobden himself at a later date freely admitted, 'formed an excellent basis for the Anti-Corn Law movement, for they had inexhaustible purses, which they opened freely 'in a contest where not only their pecuniary interests but their pride as an 'order was at stake.' He thought, however, that the manufacturers of Yorkshire and Lancashire 'looked upon India and China as a field of enterprise which could only be kept open to them by force,' and was led to the sorrowful exclamation—'How few of those who fought for the Repeal of the Corn Law really understood the full meaning of Free Trade principles.'^{37a} However this may be, it is clear that a great stimulus was given to the work of the League by the return of Cobden to Parliament in 1841. The attitude of some of his opponents may be judged from the attacks made upon him in the House by Ferrand, member for Knaresborough. Ferrand declared that Cobden himself, while complaining in the House that the Corn Laws were ruining Lancashire trade, was running his mills night and day and during the past twelve years had made half a million of money.³⁸ The members of the league, he asserted, merely attacked the Corn Laws because they wished to reduce wages to the continental level. One firm at Leeds had set up mills in Belgium where labour was at starvation price.³⁹ The Anti-Corn Law manufacturers said they were insolvent as a result of the Corn Laws, but they never had been solvent, they were a new race of 'gambling speculators in trade . . . 'a body of men trading with false capital under the shelter of joint-stock 'banks, many of which are themselves little better than societies formed for 'the protection of swindling.'⁴⁰ The truck system was in full swing; starving operatives were given bad materials to work on and then fined because they produced bad work, their wages were paid in goods, in rotten corn and cheap flour. He declared that the manufacturers used flour to give a good finish to their poor calicoes, and made shoddy from vile materials, using only just

³⁶ *Hansard* (3rd Ser.), lxx, 470.

³⁷ *Ibid.* 473.

^{37a} Morley, *Life of Cobden*, ii, 199, 214.

³⁸ *Ibid.* lx, 422.

³⁹ See also *ibid.* lxiv, 1220-3.

⁴⁰ *Ibid.* lx, 426.

as much wool as would keep their 'Devil's dust' together.⁴¹ These men were ruining the character of the British merchant abroad. 'In the emphatic language of Mr. Burke, they are a set of men whose ledger is their Bible, whose counting-house is their church and whose money is their God.'⁴² Brotherton in reply said that Cobden never had a mill in his life. It turned out that Cobden's 'mills' were known as print-works in Lancashire, and Ferrand scored a point by showing up what he described as a 'despicable quibble.'⁴³

The government attitude as expressed by Peel and Graham⁴⁴ was that alternating periods of good trade and depression must be expected in a manufacturing country, and must be borne 'with patience, high spirit and forbearance.' They denied that the Corn Law system was the cause of the present distress, which they ascribed to the financial crisis in America, to the war with China and disturbances in central Asia which had paralyzed trade. The result of the session of 1842⁴⁵ was to strengthen the position of the government and 'to gain for them in the public mind those essential qualities of vigour and decision of purpose in which their predecessors had been found wanting.'⁴⁶

The session of 1843 opened well with the announcement that peace had been made with China, and that the military operations in Afghanistan had been completely successful. A treaty with the United States had settled the long-standing boundary question, and a commercial treaty had been made with Russia. The military occupation of countries west of the Indus had been discontinued.⁴⁷ The internal situation was not so satisfactory. The Queen's Speech regretted a 'diminished receipt from some of the ordinary sources of revenue.' The disturbances in the manufacturing districts were deplored, and the speech promised, vaguely enough, that 'measures connected with the improvement of the law, and with various questions of domestic policy,' would be submitted. Peel admitted that the present appearance of the revenue was not satisfactory,⁴⁸ and that a very unfavourable balance-sheet would have to be presented. His defence of the new Corn Law could not be called enthusiastic. 'The effect of it had not been unfavourable,' he said, 'it had not had a sufficient trial to warrant him in proposing the abrogation of it.'⁴⁹ At the same time he thought it probable that the extreme point of depression had passed and that better times might be expected.⁵⁰ There had been an increase of British shipping and tonnage in the port of London during 1842, the consumption of sugar had increased, and there was evidence of a regular and gradually increasing importation of corn.⁵¹

⁴¹ *Hansard* (3rd Ser.), lx, 1065; see also Morley, *Life of Cobden*, (ed. 1881), i, 224.

⁴² *Hansard* (3rd Ser.), lx, 430.

⁴³ *Ibid.* 710, 1058.

⁴⁴ See for instances their speeches on 1 July 1842 (*ibid.* lxiv, 882-8, 911-25).

⁴⁵ See speeches by Peel and Palmerston summarizing its results (*ibid.* lxv, 1230-95).

⁴⁶ *Ann. Reg.* 1842, Hist. of Europe, 231.

⁴⁷ Queen's Speech, 2 Feb. 1843, in *Hansard* (3rd Ser.), lxvi, 1-6.

⁴⁸ *Hansard* (3rd Ser.), lxvi (1843), 86-98.

⁴⁹ *Ibid.* 97.

⁵⁰ *Ibid.* lxv, 455-67 (21 July 1843).

⁵¹ *Ibid.* 463.

The free traders, disappointed at Peel's inaction⁵²—they had begun to cherish hopes that his avowal of free-trade principles would be translated into action in the new session—debated the distress of the country once more at very great length in February.⁵³ Lord Howick gave a very gloomy picture of the state of the country, every industry from agriculture downwards being distressed.⁵⁴ An extremely low rate of interest and an extremely low rate of wages were to be found at one and the same time. This was a dangerous symptom. It proved that the field for the employment of labour and capital was too small, and the present distress could only be cured by making new openings for capital and labour. He quoted Gladstone as an authority for stating that free imports would create a corresponding export trade, and thus an increased demand for capital and labour.⁵⁵ The absence of commercial barriers within England had given her superiority in wealth and manufactures, the same results had followed free trade between England and Scotland and England and Ireland.

The rapid progress of foreign nations in the manufactures for which Great Britain had so long been unrivalled was an ominous feature constantly alluded to in these debates. Germany had formed a customs union and was rivalling Great Britain. In Prussia factories had been established by the importation of British machinery and the influx of British engineers. Saxony now produced almost every article of cotton manufacture and power looms were being erected.⁵⁶ Cheapness of labour and of raw material were on the side of Germany. It was reported that foreign nations profited in one year by the experience of half a century, 'passing over from the modest systems of handloom weaving to the perfection of the power loom,' and excepting in capital and skill were on a level with Great Britain at once. All parties agreed that the trade supremacy of Great Britain might be challenged. Free traders argued that the example of Great Britain in adopting free trade would be followed at once by foreign nations,⁵⁷ but protectionists thought that a tariff was a useful weapon in the hands of diplomatists negotiating commercial treaties. This last point was emphasized by Sir Howard Douglas, who particularized Russia, Prussia, France, Denmark and the United States, where the protective systems would not be surrendered.⁵⁸ He ridiculed Palmerston's pleasing dreams of 'resolving all mankind into one family.'

Gladstone took the same line.⁵⁹ The American tariff, he said, taxed

⁵² *Hansard* (3rd Ser.), lxvi, 146, 148, 163-71, 178.

⁵³ *Ibid.* 453-525, 578-634, 636-94, 706-62, 770-887.

⁵⁴ He described the tax on the export of coal as a 'very impolitic tax,' which had aggravated the distress in Sunderland (*ibid.* 455).

⁵⁵ *Hansard* (3rd Ser.), lxvi, 471.

⁵⁶ *Report of Commission on Hand Loom Weavers*, quoted *Hansard* (3rd Ser.), lix, 202-5, 223.

⁵⁷ This was repeatedly asserted by Cobden, and Peel accepted it (Cobden, *Speeches* [ed. John Bright and Thorold Rogers, 1908], i, 182-3, 201; *Hansard* [3rd Ser.], lxxxiii, 278).

⁵⁸ *Hansard* (3rd Ser.), lx, 1035-45. Their consumption of English manufactures was very small indeed, varying from 3½d. to 5½d. per head annually in Russia, Prussia and Denmark, and amounting to 11d. only in France.

⁵⁹ *Ibid.* lxvi, 479-507.

British manufactures about 40 per cent. *ad valorem*. America had raised her rates against English goods at the end of July 1842, in spite of the advantages⁶⁰ gained by the revision of the English tariff. The enormously high German tariff on mixed woollen and cotton goods had not stopped exportation from England, but had 'diminished profits and wages and injured thereby 'our operative population.'⁶¹ He put very forcibly the argument used later by fair traders as against free traders: 'It would be absurd indeed if we were 'to so regulate our trade as to leave ourselves altogether at the mercy of the 'policy or impolicy of the countries with which we trade.' Disraeli propounded a doctrine which has been reiterated in very recent years, that certain manufactures should be protected by government as the elements of future strength.⁶² The system of reciprocity was the happy medium between free trade and protection, 'by means of which, through negotiation, they might 'obtain those benefits they all acknowledged in increased commerce, and 'avoid those dangers that might possibly attend a less cautious and prudent 'course.'⁶³ He also pointed out the specially strong position of an English statesman in negotiating with foreign countries. 'There was not a statesman in Russia or America who was not frightened at the available resources 'of India.'⁶⁴ In reply to the arguments of free traders, who maintained that if England gave up her Corn Laws other nations would give up their tariffs, Peel defended the reciprocity system.⁶⁵ He feared that British interests would hardly be promoted by granting, without reference to other considerations, a free admission for foreign productions, but at the same time, if foreign governments could not be prevailed upon to modify their tariffs, England ought to 'pursue her own policy without reference to that of other governments,' especially in the direction of reducing extremely high duties which encouraged smuggling and inflicted injury on ourselves.⁶⁶

A Bill to remove the prohibition of the exportation of machinery, introduced during the session, was regarded even by some free traders as 'the very extreme of free trade notions.'⁶⁷ It was said that the result of the ingenuity and industry of the manufacturers would be entirely given away. In defence of the Bill Gladstone showed that evasions of the existing law by the exportation of machinery in parts or under cover of the coasting trade had gone on to such an extent that the prohibition had been practically

⁶⁰ The duty on many American products had been lowered—e.g., salt and provisions, hides, rice, ashes, turpentine and sperm oil (*Hansard* [3rd Ser.], lxvi, 506).

⁶¹ Lord Ripon had already pointed out that the German tariff would not be affected by England's adoption of free trade. 'The real character of the league was political . . . it was devised for the purpose of nationalizing the north of Germany' (*ibid.* lix, 51).

⁶² *Ibid.* lxviii, 944.

⁶³ *Ibid.*

⁶⁴ *Ibid.* 950.

⁶⁵ *Ibid.* lxvi, 614; lxviii, 686, 902-13.

⁶⁶ *Ibid.* lxviii, 682-5, 970. The tax on watches, for instance, was a 'hopeless duty' impossible to levy (*ibid.* 916). See also Russell on the smuggling of brandy and silk (*ibid.* 938-44).

⁶⁷ Hindley, 10 August 1843, in *Hansard* (3rd Ser.), lxxi, 506-11. Committees sitting in 1824 and 1825 reported that as long as any tools or machines were exportable the law would never be made efficacious (*Report in Com. on Export of Machinery*, 1825, p. 4; *Hansard* [New Ser.], xv, 901; xvi, 291; [3rd Ser.], lvi, 670).

nugatory.⁶⁸ The effect had been to increase the cost of British machinery to purchasers, to establish a machine-making trade in Belgium and in the United States, where there was a free market. The price of foreign machinery was about 20 to 30 per cent. higher than that of England, and strong efforts could be made to recapture foreign markets if exportation were permitted.⁶⁹

Goulburn, bringing in the budget of 1843, which showed 'the first and 'last deficit of Peel's premiership,'⁷⁰ drew attention to signs of improvement in the industrial resources of the country, 'which, after the dark gloom of 'the last year's experience, allowed him to hope for better things.'⁷¹ He quoted extracts from London, Liverpool and Manchester trading circulars on the state of the cotton, linen and woollen trades: 'Lancashire keeps the lead; its banking was never in a sounder state, and the prices of most goods yield a fair profit. . . . Notwithstanding the high tariffs of France and the United States, the linen trade is somewhat overcoming its depression. The Germans are now actually taking linen yarn from England instead of our importing it from them. . . . The accounts from the Scotch manufacturing districts and from Nottingham and Derby are also cheering, and Yorkshire shows some increased activity. In Leeds the woollen manufacturers are now working full time, which they had not done for six months previously.'⁷² The Manchester mills were in full work, and there had been a slight advance in the wages of factory hands, who, benefiting from the very low price of food, were in a better position than at any time since 1836. The handloom weavers were fully employed, their wages having advanced 20 per cent.⁷³ The Savings Bank returns showed also a larger excess of deposits over withdrawals.

As the session of 1843 wore on to its close the dissatisfaction of Peel's own supporters became evident in what Palmerston called their 'most agreeable silence.'⁷⁴ The chief—almost the only speakers—on the government side of the House were Peel, Graham and Gladstone.⁷⁵ Peel complained that the debates were perfunctory, and that no new arguments were produced.⁷⁶ He encouraged his protectionist supporters by one unqualified statement—that the landed interest was entitled to protection on the just ground of being called on to bear special burdens.⁷⁷ 'They could not say 'that the Corn Laws should be irrevocably final and unalterable; but her 'Majesty's ministers had no dirty intention in their minds of proposing an 'abrogation of the Corn Laws.' The fear of losing political support should never induce him to sacrifice his opinions.

A gradual improvement in the condition of the country began in 1843, and 'the opening of the year 1844 found the country for the most part in a 'thriving and tranquil condition.'⁷⁸ The government had gained credit;

⁶⁸ *Hansard* (3rd Ser.), lxxi, 493-505.

⁶⁹ The Bill was passed and incorporated into the Act for amending the Customs (*ibid.* 547).

⁷⁰ Buxton, *Finance and Politics*, i, 56.

⁷¹ *Hansard* (3rd Ser.), lxxviii, 1412.

⁷² *Ibid.* 1412-13.

⁷³ *Ibid.* 1414.

⁷⁴ *Ibid.* lxxv, 467.

⁷⁵ Russell said they no longer supported the Corn Laws on principle, but with the air of apologizing for their continuance for two or three years longer (*ibid.* lxxix, 233).

⁷⁶ *Ibid.* 284, 1510.

⁷⁷ *Ibid.* 294.

⁷⁸ *Annual Register*, 1844, Hist. of Europe, 1.

political agitation against the Corn Laws was dying down. Ireland, on the eve of the O'Connell trial, was the chief cause of anxiety. The Queen's Speech congratulated Parliament on 'the improved condition of several 'important branches of the trade and manufacture of the country, and on the 'increased demand for labour, which had improved the condition of the 'working classes.'⁷⁹ The debates on the Address were cheerful in tone. Brougham found himself speaking for the first time in his experience on an address which contained nothing but congratulatory language.⁸⁰ In the Commons,⁸¹ Cardwell, in seconding the Address, gave an encouraging account of prevalent conditions. 'In all or nearly all the great branches of British 'manufacture symptoms of returning health presented themselves.'⁸² His speech gave details of the recovery of the cotton, linen, wool and iron trades, of increased railway activity and of the reopening of the trade with China. He concluded by a panegyric on British commerce, 'visions of 'peaceful conquest bounded only by the limits of the habitable globe.'⁸³ Lord John Russell thought the general improvement in the condition of the country was due to the last two harvests, which had been excellent.⁸⁴

In reply to Russell urging the adoption of a small fixed duty on corn as a prudent step towards 'a system of entire freedom,'⁸⁵ Peel said that there was to be no change in the Corn Laws during the present session. 'The 'experience of the present Corn Law had not in the slightest degree shaken 'his opinion in preferring the principle of a graduated scale to that of a fixed 'duty.'

Goulburn's budget statement on 29 April 1844 was a very cheerful one.⁸⁶ Receipts had exceeded the estimates in all directions, expenditure was less than the estimates by about £650,000, and there was a net surplus of £1,400,000. The increased yield of the duties on tea and sugar and on cotton indicated 'revived power of consumption on the part of the labouring 'population' and increased manufacturing activity. Most of the surplus was to be applied to increasing the Exchequer balances, but £387,000 was to be spent in reducing the duties on glass, vinegar, currants, coffee, marine insurance and wool, and a change in the sugar duties was promised. He was able in conclusion to congratulate the House on 'arresting the downward 'course of a continually increasing deficiency.'⁸⁷

With the exception of some criticism from Hume and from Baring,⁸⁸ the budget met with general approval. On the clause which proposed the total extinction of all duty upon raw wool, Gladstone reviewed the history of the wool duties, showing that the export of British manufactured woollen goods had been adversely affected by the imposition of heavy duties in 1819.⁸⁹ There need be no fear that the price of English grown wool would

⁷⁹ *Hansard* (3rd Ser.), lxxii, 2-5.

⁸⁰ *Ibid.* 21.

⁸¹ 1 Feb. 1843 (*ibid.* 49).

⁸² *Ibid.* 50. ⁸³ *Ibid.* 57-9.

⁸⁴ *Ibid.* 88-9.

⁸⁵ *Ibid.* 91-103.

⁸⁶ *Ibid.* lxxiv, 361-85.

⁸⁷ *Ibid.* 385.

⁸⁸ *Ibid.* 385-9; 393-402.

⁸⁹ For an earlier debate, 17 July 1843, see *Hansard* (3rd Ser.), lxx, 1224-7. The export of cloth had fallen from 560,000 pieces in 1838 to 161,675 in 1842.

suffer by the removal of the duty on foreign wool, 'as the two articles were 'not in competition at all, but were of mutual service, being used together ' . . . the consumption of the one promoted the consumption of the other.'⁹⁰ Colonial wool, which was not subject to the 1*l.* per lb. duty, had been increasingly imported.⁹¹

A change in the sugar duties was announced by Goulburn soon afterwards. Sugar was to be admitted from all countries which did not use slave labour at a duty of 34*s.* per cwt., instead of 63*s.* per cwt. British colonial sugar, which was to pay 24*s.* per cwt. as before, was therefore still protected, but the differential duty had been reduced to 10*s.* per cwt. Goulburn hoped that this reduction in the duty paid by foreign free-labour sugar would open up a trade with countries east of the Cape, especially with China, and 'effect an extension of supply without an infraction of 'principle.'⁹²

Long and heated debates followed, the usual conflict between free traders and protectionists being complicated by side issues on the slave trade question and on the conflicting interests of the British consumer and the West Indian producer.⁹³ The arguments may be briefly summarized.⁹⁴ The object of the government as expounded by Goulburn⁹⁵ was to reconcile various 'very conflicting points,' to secure to the people of this country an ample supply of sugar, now become 'little short of a necessary of life,' to make that supply consistent with a continued resistance to the slave trade, and to reconcile both with the interests of those who had invested their capital in the colonial possessions of the country. The colonial sugar industry had suffered a considerable blow by the abolition of slavery, and there had been a decline in the production of sugar from the West Indies, which formerly supplied the English market with an ample supply, of which one-third had been re-exported. There was at present no scarcity, the importation of sugar in 1842 having increased by 2,400 tons, and the price being moderate. As the condition of the people improved, however, the demand for sugar would increase, and the rise of 2*s.* per cwt. which took place in 1843 warned him to look ahead. The treaty under which Brazil was able to export sugar to Great Britain on the footing of the most favoured nation, would expire in November, and the change in the duties now proposed was therefore possible. He thought free-labour sugar could be effectively distinguished from slave-grown sugar by a certificate of origin from the port of shipment. He hoped Java, Manila and China would furnish the sugar required. Lord John Russell criticized this attempt to distinguish between free-labour and slave-grown sugar. It purposed to 'frame a tariff on grounds of morality, to erect a pulpit in every custom

⁹⁰ *Hansard* (3rd Ser.), lxxiv, 1285-90.

⁹¹ For figures see *ibid.* lxx, 1224-47.

⁹² *Ibid.* lxxix, 361-85.

⁹³ For debates on the question of the sugar duties in the previous session see *ibid.* lxi, 455; lxiii, 1159, 1172-1234.

⁹⁴ For earlier debates on this question see 22 June 1843 in *ibid.* lxx, 213 *et seq.*

⁹⁵ *Ibid.* lxxv, 154-67. See also an earlier speech (*ibid.* lxx, 213-19).

'house, and make our landing waiters enforce anti-slavery doctrines.'⁹⁶ We were willing to refine this slave-grown sugar and send it afterwards to buy the produce of Russia or Germany; 'to refuse to consume that sugar was 'indeed a flimsy veil for his conscience which savoured very much of hypocrisy.' 'Verbally it was a proclamation against slavery, in practice it would be an 'encouragement for the increase of sugar by slave labour.' It was time to admit all foreign sugar without distinction at a reduced rate. The consumption of sugar in Great Britain had actually fallen from between 19 and 20 lb. per head in 1831 to between 16 and 17 lb. per head in 1842 and 1843, and this fall was due to the heavy duties.⁹⁷

Gladstone retorted that Lord John Russell and Palmerston had formerly shown no disinclination to preaching. On this very question⁹⁸ they had erected pulpits on the decks of war cruisers, and converted our naval captains into preachers of anti-slavery doctrines on the coast of Africa. The old argument that the slave trade was encouraged by a circuitous commerce, and that by taking free-labour sugar a void was created which was filled up by slave-grown sugar, had little weight with him. England was 'not 'responsible for that which was done by other nations. They gave to other 'nations a good example, and then left other nations to adopt that course 'which they thought best.'⁹⁹ Labouchere thought the proposals were unsound in principle. They were 'incurring great evils for the sake of benefits, to 'say the least of them, visionary and unsubstantial.'¹⁰⁰ They were denouncing countries which, like Brazil and Spanish South America, consumed millions of our manufactures yearly, and raising up a hostile feeling against this country which might lead to hostile commercial legislation. Foreign nations 'were just as likely (or more so) to be influenced by passion 'and a desire to retaliate as by reason and sound sense.'¹ Further, American certificates of origin would be worthless and it would be absurd and impracticable to rely on them. This view was supported by Cobden, by Hume and by Roebuck, who protested against Englishmen being 'the Quixotes of the earth.'²

Goulburn's resolutions were carried by a majority of sixty-nine,³ and a little later, on 6 June, the Bill passed its second reading.⁴ A critical stage came later, when an amendment proposed by Miles was carried against the government by a majority of twenty.⁵ The committee adjourned amid much excitement, and the resignation of the government was canvassed. On 17 June Peel came down to the House and declared that it was the duty of the government, notwithstanding the vote against them, to persevere in their plan.⁶ The vote had been carried by a combination between the

⁹⁶ *Hansard* (3rd Ser.), lxxv, 167-82.

⁹⁷ Gladstone had given different figures, estimating the consumption in 1841 at 24½ lb. per head.

⁹⁸ *Hansard* (3rd Ser.), lxxv, 183-99.

⁹⁹ *Ibid.* 193.

¹⁰⁰ *Ibid.* 200-8.

¹ This is an interesting statement in an age which regarded self-interest as the sole and universal motive power in economics.

² *Hansard* (3rd Ser.), lxxiii, 1162-7, 1172-5, 1208.

³ *Ibid.* lxxv, 219.

⁴ *Ibid.* 318.

⁵ *Ibid.* 907-20, 968.

⁶ *Ibid.* lxxv, 987-1012.

regular Opposition and those who usually supported the government. He did not wish for servile acquiescence in all his plans or indiscriminate support, but he could not profess any repentance or declare his conversion to a different principle. He was prepared to abide by the principles he professed. He then moved an amendment to restore the original rate. This high-handed proceeding was strongly resented. Lord John Russell said that Peel's proposal was neither more nor less than that the House should retract its former vote and 'exhibit itself to the country as a most degraded and 'slavish assembly.'⁷ If Peel's usual supporters now voted with him they would be giving 'a melancholy proof of their own subserviency.' The House might be sure that if they gave Peel the victory now 'their independence was gone once and for ever.' Labouchere thought Peel's language 'such as Mr. Pitt had never used even in the plenitude of his power,'⁸ but the bitterest criticism of all came from Disraeli, now in open revolt, 'I 'congratulate the ministry,' he said,—'of course I congratulate the country,—'that instead of resigning an administration the right hon. gentleman has 'only moved an amendment.'⁹ Twice within about a month Peel had placed the House in a position degrading to everybody concerned, and the minister who boasted he had never joined in the anti-slavery cry now came forward with a horror of slavery extending to every place except the benches behind him. His position could only be maintained 'by menacing his friends and 'cringing to his opponents.' He (Disraeli) was not going to change his vote within forty-eight hours at the menace of a minister. This outburst, which was received with much cheering, showed how dangerous Peel's position was, but his personal ascendancy won another triumph and the sugar duties were carried, at the rates originally proposed, on 17 June by a majority of twenty-two.¹⁰

The Corn Law debates of the session showed a decided waning of interest.¹¹ Cobden, speaking on 12 March 1844, made a general attack on the conditions of agricultural labour, the low wages, the overcrowding, the immorality and general misery, as a counterblast to the recent revelations of hardships in the 'much-maligned region of tall chimneys and smoke.'¹²

There was an interesting debate in the Lords on a motion by Lord Monteagle, Chancellor of the Exchequer in Melbourne's second administration, which reviewed the state of the import duties¹³ and exposed the anomalies of a system under which nearly the whole of the customs revenue was levied on thirteen articles, the small part remaining being levied on a vast number of articles, making taxation both unprofitable and irksome, and

⁷ *Hansard* (3rd Ser.), lxxv, 1012-17.

⁸ *Ibid.* 1024-7.

⁹ *Ibid.* 1027-30.

¹⁰ *Ibid.* 1082. The third reading debates in the Lords were of no special interest (*ibid.* lxxv, 1138-56, 1212-14; lxxvi, 21-68, 164-201, 282-7).

¹¹ There had been several good harvests in succession.

¹² *Hansard* (3rd Ser.), lxxiii, 862-95. Most of Cobden's statements referred to conditions in Wilts, Dorset, Somerset and Devon, Scotland, Wales and Ireland.

¹³ *Ibid.* lxxv, 679-775. A similar debate in the Commons roused little interest, and the House was counted out (*ibid.* lxxiii, 1270-9, 1304).

encouraging smuggling, which was still extensively carried on.¹⁴ The present very oppressive tariff held Great Britain up to the indignation and scorn of Europe, and the Americans declared that England taxed imports from America at an average rate of 355 per cent. on their value.¹⁵

The improved credit of the country and the abundance of capital enabled the government to reduce the rate of interest on part of the National Debt. On 8 March the Chancellor of the Exchequer announced that the interest on 3½ per cent. Consols, amounting to £250,000,000, on which there was no guarantee, was to be gradually reduced to 3 per cent.,¹⁶ the holder receiving a guarantee that for twenty years from 1854 there was to be no further reduction of interest. He thought the operation would 'give an irrefragable proof of the extent of the resources of the country, and furnish to other nations an example of the benefits which result from a strict adherence to national faith and the maintenance of the public credit.'¹⁷ The proposal met with general approval, Baring, the ex-Chancellor, specially commending Goulburn for postponing the full reduction and preferring the public interests to his own interests as Chancellor.¹⁸

At the same time the question of the Bank Charter was raised and Peel introduced a Bank Charter Act which became the basis of the currency system that existed up to August 1914. Its merits and demerits have been canvassed with some violence, but there is no dispute about its importance. It was primarily a currency measure which left the ordinary trade of the banks quite unfettered, and the power of preventing commercial crises was never attributed to it by its author.¹⁹ Speaking on 6 May 1844, Peel stated that under the Act of 1833 the government had power to notify the Bank of England before August 1844 of its intention to revise its charter, and that he now proposed to exercise that power.²⁰ He intended to adhere to a metallic standard with gold as that standard. According to Adam Smith and Ricardo, the true principle that should govern the issue of bank notes was freedom and competition among banks, checked by a provision for immediate convertibility into coin, but Peel contended that this check was 'not an adequate security against excessive issue.' The paper currency ought to bear a definite relation to coin, and when gold began to leave the country paper issues should be contracted. Otherwise the disparity between gold and paper would shake confidence in the paper. At present the amount of gold kept in reserve was left to the discretion of the banks, but he produced evidence²¹ to show that the country banks had failed to control their issues according to the state of the foreign exchanges. They had actually increased their issues just when a rise of prices and a drain of gold were beginning. In a later speech he quoted the words of a banker to the effect

¹⁴ Almost half the total importation of silk from France—1,730,000 lb. annually—was smuggled.

¹⁵ He quoted the duties on fourteen articles, which included salt beef, bacon, butter and tobacco (*ibid.* lxxv, 720).

¹⁶ *Hansard* (3rd Ser.), lxxiii, 729–48.

¹⁷ *Ibid.* 742.

¹⁸ *Ibid.* 748–9.

¹⁹ As Sir John Lubbock put it, it was a Bank-note Act rather than a Bank Act.

²⁰ *Hansard* (3rd Ser.), lxxiv, 720–54.

²¹ See *ibid.* 737.

that they 'issued notes with no more regard to the exchanges than to the 'snow upon the mountains,'²² and showed that in 1825, 1832, 1835-6 and 1838-9 the country banks had refused to contract their issue, though the bullion in the Bank of England had been much diminished. In 1840 twenty-four country banks had failed, seventeen of which paid no dividend, and in 1841 there were twenty-six failures, thirteen of which paid no dividend.²³ These frequent failures and the loss and suffering entailed upon creditors called for legislative interference.²⁴ In the United States the result of allowing banks to make unlimited issues of notes had been 'suspension of cash payments and complete insolvency.'

He then made proposals which followed the general principles he had laid down 'as far as was immediately practicable and expedient':

(1) That the Issue and Banking Departments of the Bank of England should be entirely separate with a separate system of accounts.

(2) That the issue of bank notes should hereafter take place on two foundations, and on two foundations only: first, a definite amount (£14,000,000) of public securities; secondly, exclusively upon bullion.

(3) That there should be a weekly publication of the accounts of both Banking and Issue Departments.

He proposed to deal with the country banks on the principle that competition in the issue of bank notes should be limited, but that there should be unlimited and unrestricted competition in ordinary banking business. Therefore the Bill included the following regulations:

(1) No new bank of issue to be constituted.

(2) Existing banks of issue to continue to issue bank notes on condition they did not exceed the amount of their average issue during a stated period.²⁵

(3) Joint-stock banks were to have the privilege of suing and being sued, and were to be given the power of accepting bills for any amount and for any period.

(4) All banks were to publish periodically the names of all partners and directors.

As an emergency provision it was laid down that the Bank of England should have power to extend its issue of notes beyond the £14,000,000 based on securities, on the authority of an order in council.²⁶ Details of the financial relations between the government and the Bank followed,²⁷ the upshot of

²² *Hansard* (3rd Ser.), lxxiv, 1340.

²³ It was argued later by Buller and Hume that most of these banks failed through over-speculation rather than by over-issue of notes (*ibid.* lxxiv, 1406-7; lxxv, 833-6).

²⁴ *Ibid.* lxxiv, 1345.

²⁵ He suggested two or three years. This was afterwards modified in Committee, and a period of twelve weeks decided upon, the maximum issue allowed being taken on a month's, not a week's, issue of notes (*Hansard* [3rd Ser.], lxxv, 1312-18; lxxvi, 65-72, 118-19).

²⁶ Stat. 7 and 8 Vict., cap. 32. Peel later explained that the chief emergency he contemplated was the diminution of the note issue of the country banks through failures or by arrangement with the Bank of England. He estimated their present circulation at about £8,000,000 (*Hansard* [3rd Ser.], lxxiv, 1332).

²⁷ *Hansard* (3rd Ser.), lxxiv, 748-9.

which was that the government paid the Bank £250,000 a year for managing the National Debt, while the Bank paid £180,000 for its privileges.

Peel closed a masterly speech by hoping that he would obtain the assent of the House to proposals which were the complement of the steps taken by him in 1819 to restore the gold standard, and which would, he hoped, 'inspire 'just confidence in the medium of exchange and put a check on improvident 'speculations.'²⁸

These proposals met with general approval in the House. Sir Charles Wood, whose speech is typical of many other speeches, went into the whole question at very great length, supporting Peel's argument with further facts and figures.²⁹ He maintained that Peel's proposals would prevent the drain of bullion from the country in any future crisis by enabling the Bank of England to make an early contraction of the currency. This would lead to a fall of prices, which, reacting on the exchanges, would check the drain.³⁰ Both the Bank of England and the country banks had hitherto acted without rule or principle in their issue of notes, the only safe principle being that bullion should be deposited equivalent to every fresh issue of paper.

The chief objections to the measure were brought out by Hawes, then member for Lambeth, afterwards Under-Secretary for the Colonies, in a speech in the second reading debate.³¹ He denied that there was any need to limit competition in the issue of paper currency further than it was already limited by the provision as to convertibility. The Bullion Committee of 1810 and 1811 had been wrong when it reported that the then prevalent high prices of gold and of commodities generally were due to an over issue of paper. Those high prices were due to the war, 'which at once stopped the 'export of foods to the Continent and compelled the transmission of gold 'thither.'³² The fact was that gold was then scarce because England could not export as usual commodities to pay for her imports. Freedom of exportation would have restored the exchanges and brought in gold. After giving a series of elaborate tables to prove that prices rose and fell without reference to the amount of notes in circulation, he touched lightly on what has since proved (with later developments of credit and of the cheque system) to be a point of the utmost importance, the fact that the Bill left untouched forms of credit which, like bills of exchange, were a more unsafe substitute for metallic currency than bank notes which had a reserve of bullion behind them.³³

Newdegate, the Tory member for Warwickshire, opposing the Bill, made contributions to the debate³⁴ which won a graceful compliment from Peel.³⁵ He anticipated a general fall of prices due at first to the statutory limitation of the currency and the increased production of goods of all kinds, and ultimately

²⁸ *Hansard* (3rd Ser.), lxxiv, 753. On 20 May he gave some further explanations on points of detail (*ibid.* 1330-47).

²⁹ *Ibid.* 1347-85. Wood became Chancellor of the Exchequer in 1846.

³⁰ Cf. speeches by Clay and Wortley (*ibid.* 1385-9, 1389-91).

³¹ *Ibid.* lxxv, 777-807.

³² *Ibid.* 782.

³³ *Ibid.* 787-91.

³⁴ *Ibid.* lxxiv, 1400; lxxv, 824-33.

³⁵ *Ibid.* lxxiv, 1407-10.

to the diminished production of gold. He thought that the demand for a larger circulating medium would prove too strong for legislation and lead to a dangerous system of 'dealing in small bills and acceptances drawn upon 'private individuals to be backed by others equally unknown.' Peel's proposals, by raising the value of money as compared with land, would create an aristocracy of wealth which would be given an undue influence in government. In a later speech he pointed out that hitherto, when a drain of gold had produced uneasiness at home and a constant demand for gold by customers of the banks, the Bank of England had been able to allay the panic by issuing notes.³⁶

The flaw in Newdegate's main argument was detected by Peel and Hume. The latter showed that Newdegate 'proceeded on the fallacy that 'the amount of the precious metals was limited,'³⁷ and Peel contended that the amount of gold on which the paper currency was based was only limited by the demands of trade.³⁸ He doubted very much whether bills of exchange supplied a deficiency of circulation, but thought it quite safe to leave without interference 'those other forms of paper credit which are a proper super-structure on the basis of a metallic currency and a paper circulation equivalent 'in value to gold.'³⁹

Events, however, showed that Newdegate was right in his main contention. Population and production increased for many years more rapidly than the supply of gold and the continued downward tendency of prices was only checked by the discovery of new gold mines in Australia, South Africa and America, aided by the spread of the cheque system, which provided a substitute for currency in business and household transactions. The Bill passed its second reading by a majority of 155.⁴⁰ In the following year the principle of the Bank Charter Act was applied to Scotch and Irish banks.⁴¹

The reopening of the China trade, the revival of the American trade, combined with the second good harvest in succession, brought about a revival of prosperity which was stimulated by Peel's fiscal reforms.⁴² The Queen's Speech at the opening of the session of 1845 was once more congratulatory. 'Increased activity pervades almost every branch of manufacture, and 'among all classes of my people there is prevalent a spirit of loyalty and 'cheerful obedience to the law.'⁴³ Peel's government enjoyed the benefit, if not entitled to the entire credit, of the prevailing prosperity.⁴⁴ Even the hint in the Queen's Speech that the income tax might be retained for a further period in order to reduce other taxation—a hint which Lord Lansdowne described as 'a species of advertising for advice'⁴⁵—was taken calmly enough.

³⁶ *Hansard* (3rd Ser.), lxxv, 1319-24.

³⁷ *Ibid.* 833-6.

⁴⁰ *Ibid.* 872. The later stages of the Bill and its passage through the House of Lords produced little new argument (*ibid.* lxxvi, 315-19, 389, 532, 704-36, 775).

⁴¹ See Peel's speech introducing the measure 25 April (*ibid.* lxxix, 1323-46).

⁴² *Ibid.* lxxviii, 528-44.

⁴³ *Ibid.* lxxvii, 1-5.

³⁸ *Ibid.* lxxiv, 1407-10.

³⁹ *Ibid.* lxxv, 856-68.

⁴⁴ *Annual Register*, 1845.

⁴⁵ *Hansard* (3rd Ser.), lxxvii, 38.

The budget containing the tariff reform scheme which distinguished the session of 1845 was introduced by Peel as early as possible—in itself a minor reform—and his speech, described as a lucid and masterly exposition of financial policy, surprised the House ‘owing to the bold and comprehensive ‘character of the schemes which were disclosed.’⁴⁶ He began by inquiring if the House did not think it advisable to continue the income tax for a further limited period, to enable Parliament to repeal other taxes pressing on industry and commercial enterprise.⁴⁷ At the present rate of expenditure, if the income tax were abandoned, there would be a small deficit next year, but further expenditure was necessary. The increased number of colonies to be defended forbade any diminution of the army estimates, which remained at £6,500,000. An increase of about £1,000,000 in the naval estimates was required to provide for the protection of an extended colonial empire and growing commerce, for the new naval stations which had been established on the coast of Africa, in the Pacific and in the China seas, and ‘to maintain ‘a respectable steam navy suitable to a peace establishment.’⁴⁸ On these grounds he proposed to continue the income tax, estimating for a revenue of £53,100,000 and an expenditure of £49,690,000, leaving a net surplus of £3,409,000.⁴⁹ This surplus he proposed to devote to the relief of taxation on a considerable scale, ‘which would be the foundation of great future ‘commercial prosperity and add to the comfort even of those who contributed ‘to income tax.’ Dealing first with the sugar duties, he introduced a distinction between the coarser and finer kinds of sugar for the benefit of the sugar refining industry in Great Britain. The duty on brown or unrefined sugar from the British plantations was reduced from 25s. 3d. to 14s. per cwt., certain districts of British India, which would pay 18s. 8d. per cwt. to maintain the relative proportion of duty already existing, being excepted. The duty on foreign free-labour sugar was reduced to 23s. 4d., while slave-grown brown sugar was to pay 66s. per cwt. As to white or refined sugars, British plantation sugar was to pay 16s. 4d. instead of 25s. 3d., Indian sugar 21s. 9d., free-labour foreign sugar 28s., and slave-grown white sugar 104s. per cwt., thus increasing the relative protection of white sugar. These changes, which would mean a loss to the revenue of about £1,300,000, would reduce the price of sugar to the British consumer by about 1½d. per lb.

The tariff of 1842 had left only a few exports subject to taxation. Peel now proposed to free all exports, not excluding coal. He hoped the consumer would reap the full benefit of the remission of the coal duty, and that the House would bear no more of combinations of coal-owners to restrict supplies and enhance prices. He next proposed to strike out of the tariff—at a cost of £320,000—430 of the 813 articles, the raw materials of manufactures on which duty was now levied. The most important of these were silk, flax

⁴⁶ *Annual Register*, 1845, Hist. of Europe, 22.

⁴⁷ 14 Feb. 1845. *Hansard* (3rd Ser.), lxxvii, 456–97.

⁴⁸ Goulburn’s modest ambition expressed in a later speech (*ibid.* lxxviii, 333–9) was to put the navy upon ‘at least an equal footing as to equipment with other nations.’

⁴⁹ The figures are given as in *Hansard*. The surplus would seem to be £3,410,000.

and hemp fibres, all yarns except worsted yarns, furniture woods, animal and vegetable oils, all ores and minerals except copper ore, iron and zinc in the first stage of manufacture, dyestuffs and all dyes, except very noxious drugs. The only change in the timber duties was the exemption from duty of staves, which were to be imported free for the benefit of the coopers.⁵⁰ He proposed the entire abolition of the duty on cotton wool, which would mean a loss of £680,000 a year. He hoped the result would be as encouraging as the removal of the duty on wool in the previous year; the cotton trade, though flourishing, was exposed to the formidable competition of the United States. Remissions in excise duties included the repeal of the tax on auctions,⁵¹ and the tax on glass, which amounted to 200 or 300 per cent. of the value of the article. He hoped that this would enable English manufacturers, owing to their command of alkali and coal, to compete successfully with manufacturers in France, Belgium and Bohemia who paid no tax, and ultimately to supply the whole world with glass.⁵² The remission of this tax, which would benefit health even more than the abolition of the window tax, would cost £642,000 yearly. The total loss from these changes, £3,338,000, would nearly absorb the estimated surplus of £3,409,000. He did not deny that his scheme was a bold experiment, but he hoped it would be justified by its success, and that at the end of three years—the period for which the income tax was to be imposed—the revenue would have recovered to such an extent that they might dispense with the income tax altogether, if they thought proper.⁵³ The reduced cost of many articles would be some compensation for the burden of the income tax. He thought his plan would conduce to ‘the extension of industry and the encouragement ‘of enterprise’ and benefit all classes of the community. The speech was loudly cheered.

The chief opposition came from members who resented a permanent income tax in a time of profound peace.⁵⁴ Baring and Buller ridiculed the description of the budget as ‘the poor man’s budget.’ Buller, a Liberal member, who had been the pupil of Thomas Carlyle, could not conceive what the poor man had to gain by the budget, unless perhaps it was on such articles as algandilla or divi-divi, which nobody could tell him about.⁵⁵ ‘The right hon. baronet would not give the poor man corn, ‘he would not give him butter, but he would give him alum to adulterate ‘his bread and lard to adulterate his butter.’ The proposed change in the sugar duties was debated at great length. The arguments for and

⁵⁰ The increase of the Baltic trade showed that the timber duties did not require alteration.

⁵¹ The tax was difficult to collect and easily evaded by a private sale on the day following an auction.

⁵² Peel became almost enthusiastic over the glass balance spring of a chronometer which he exhibited to the House, and over a scheme for conveying water in glass pipes (*Hansard* [3rd Ser.], lxxvii, 490).

⁵³ He thought five years would give the revenue a better chance to recover, but proposed three years in order that Parliament should have control of the tax. See speech by Goulburn to the same effect (*ibid.* lxxvii, 573–83).

⁵⁴ *Ibid.* 542–58.

⁵⁵ 10 March, *ibid.* lxxviii, 528–44. For Baring’s speech see *ibid.* 326–33.

against the increased protection given to the sugar-producing colonies may be briefly dealt with. Milner-Gibson, who was an active member of the Anti-Corn Law League, on 24 February moved that the duties on colonial and foreign sugar should be equalized.⁵⁶ He contended that the differential duty amounted to a tax of £2,300,000 a year upon the British consumer, paid not to the Exchequer but to the sugar planters, who had brought about their own state of depression by living away from their estates, by their lack of skill and energy and by their neglect of scientific cultivation and machinery. The supply of labour in India and the East Indies was adequate—in fact, in Mauritius there were crowds of Indian hill coolies wandering about unemployed—and some of the West Indian Islands, Barbadoes and Antigua were overflowing with labour. Sugar which cost 9s. 10½d. a cwt. to produce in the time of slavery could be produced now even in the West Indies for a sum between 6s. 9½d. and 10s. 2d., yet the planters were given a differential duty of 10s. per cwt., which was more than the whole cost of the sugar. The supply of sugar from the West Indies was stationary and was no longer sufficient to supply the increased population of Great Britain.⁵⁷ Our exports to the West Indies had not increased for the last twenty years. Finally, the differential duty could not be defended on the score of consistency, as Peel was about to admit slave-grown cotton on the same terms as East Indian cotton. On this last point Cobden, Bright and Macaulay made strong speeches denouncing the ‘utter hypocrisy’ of the government.⁵⁸

Peel in the course of his reply ⁵⁹ said, ‘We stand, Sir, as a nation in a very peculiar situation with respect to the slave trade. We have resolved as a nation to suppress the trade in slaves. We have made a clear distinction between the abolition of slavery and the extinction of the slave trade.’ It was impossible to interfere with slavery in the United States, which did not depend on the slave trade, but the admission of sugar from Brazil would at once revive the slave trade on the coast of Africa, which we were acting as the police of the whole world in endeavouring to suppress.⁶⁰

Gladstone defended the government proposals on the ground that the faith of Parliament was pledged to the colonies, whose difficulties were of Parliamentary creation, and sprang from the abolition of slavery. The ‘extreme dearness’ of sugar production in the West Indies was due to the scarcity of labour and of resident proprietors.⁶¹ The labour difficulty was the chief argument of those who defended the planters.⁶²

The Corn Law debates of 1845 showed that the government were

⁵⁶ *Hansard* (3rd Ser.), lxxvii, 1043–69. He was Vice-President of the Board of Trade, 1846–8.

⁵⁷ The price in 1844 was 21s. per cwt. on the Continent and 34s. in England.

⁵⁸ *Hansard* (3rd Ser.), lxxvii, 1065–9, 1127–36, 1140–8, 1288–1306. See also Lord Clarendon (*ibid.* lxxix, 460–94).

⁵⁹ *Ibid.* lxxvii, 1326–40.

⁶⁰ Stanley said cotton was on a different footing from sugar. It was absolutely indispensable to the staple manufacture of the country (*ibid.* lxxix, 477–81).

⁶¹ *Ibid.* lxxvii, 1118–25.

⁶² *E.g.* James, in *ibid.* 1069–72, and Sir George Clerk (*ibid.* 1078).

moving slowly and cautiously, but perceptibly, towards free trade in corn. In opposition to Villiers's annual motion for total repeal, Peel and Graham both delivered speeches which, as Lord Howick pointed out, would have been unanswerable in favour of a motion for the gradual abolition of protection.⁶³ Lord John Russell saw the fall of protection 'signified not 'only by the ability of the attacks made upon it, but also by the manner in 'which it is defended.'⁶⁴ Russell himself took a step towards the free-trade wing of his party. He still advocated his fixed duty on corn, but it had now become a duty of 4s. or 6s. instead of the 8s. duty proposed in 1841.⁶⁵ He declared that protection was 'the bane of agriculture,' and later in the session announced his intention of voting with Villiers for total repeal.⁶⁶

The leaders of the great historic parties were thus uncomfortably conscious of shifting their ground, and Disraeli said openly that their speeches showed that 'protection was not a principle but an expedient.'⁶⁷ 'For my part, if we are to have free trade, I, who honour genius, prefer that such measures should be proposed by the hon. member for Stockport (Cobden) rather than by one who by skilful Parliamentary manœuvres has tampered with the generous confidence of a great people and of a great party.'

Cobden took a more or less new line in asserting that protection was responsible for the distress of the farmers.⁶⁸ Half the farmers in the south of England were in a state of insolvency, the great evil under which they laboured being the want of capital to apply to their land. At present, instead of applying £10 per acre as he ought to do, the average farmer did not apply £5 per acre. This was due to lack of security of tenure and of compensation for improvements, which prevented the application of capital and kept the land in a bad state of cultivation. Protective duties on articles like clover seed, beans, oats, hops and cheese damaged instead of benefiting the farmer. He produced these things for use, not sale, and free importation would be the greatest benefit. First-rate farmers were ardent free traders. Labourers were being chased from village to village and exported to the Antipodes because the land was being under-cultivated. He concluded with the well-known appeal to the county members, 'the aristocracy of England,' which began, 'Your fathers led our fathers. You may lead us 'if you will go the right way.'

The necessity for free importation if England was to feed her increasing population was insisted on by Villiers.⁶⁹ He found an unexpected supporter in Graham, who argued, with a wealth of detailed evidence, that crime and pauperism diminished when food was cheap. He thought that if they persisted in refusing to admit foreign corn there would be 'some frightful convulsion.'⁷⁰

⁶³ 10 June, *Hansard* (3rd Ser.), lxxxi: Villiers, 285-313; Peel, 368-78; Graham, 329-41; Howick, 378-9.

⁶⁴ *Ibid.* 363-8.

⁶⁵ 26 May, *ibid.* lxxx, 880.

⁶⁶ 10 June, *ibid.* lxxxi, 366.

⁶⁷ *Ibid.* lxxvii, 984-1003. In a later speech he tried to minimize the effect of these

⁶⁸ *Ibid.* lxxviii, 1022-8.

⁶⁹ 13 March, *ibid.* 784-810.

⁷⁰ *Ibid.* lxxxi, 297, 810.

damaging admissions (*ibid.* lxxx, 896-921).

The county members defended protection as stoutly as ever with the arguments they had so often produced before,⁷¹ complaining that agriculture made no profits and that the land was unjustly burdened. Newdegate calculated that the special burdens on land amounted to £12,000,000.⁷²

Lord John Russell's solitary position was emphasized when he moved a long string of resolutions proposing remedies for the state of the labouring classes, which included a revision of the law of parochial settlement, systematic colonization and a larger Parliamentary grant for education.⁷³ These resolutions, though interesting, were unpractical. The House was apathetic, and Peel expressed the general view when he said that the resolutions would not be of the least practical benefit.⁷⁴ In speeches on 17 March, 28 May and 10 June ⁷⁵ Peel stated once more that he believed 'the system of prohibition and extreme protection to be wrong.' Past experience had confirmed his impression of the benefits of the free-trade principle, but it was necessary to proceed with the utmost caution, as total repeal would be injurious to every interest, especially to the colonial interest and to Ireland.

Before Parliament met again Peel had resigned office, tendering his resignation to the Queen on 5 December 1845. The immediate cause of the fall of one of the most powerful ministers of modern times, at the height of his fame and reputation, was the failure of the potato crop in England and Ireland, combined with a poor harvest. As Wellington bluntly put it, 'it was those rotten potatoes that did it all—they put Peel in a d——d fright.'⁷⁶ Peel, anticipating a scarcity of food in England and a famine in Ireland, proposed to his cabinet in November an immediate suspension of the Corn Laws, and that Parliament should be called together to consider the whole question. Failing to carry his cabinet with him, Peel resigned. Lord John Russell, who had declared for total repeal in his Edinburgh letter, tried to form an administration, Peel assuring him of his support, but failed.⁷⁷ The Queen on 20 December asked Peel to remain in office, and he undertook to do so, his colleagues, with the exception of Lord Stanley, feeling it 'their duty to assist him in the arduous task he had undertaken.'⁷⁸ Parliament met on 19 January 1846, and the Queen's Speech announced that in addition to the precautions already taken to prevent famine in Ireland the co-operation of Parliament was relied on 'in devising such other means for effecting the same benevolent purpose as may require the sanction of the legislature.' Parliament was also asked to consider the advisability of making 'further

⁷¹ See speeches by Miles (*Hansard* [3rd Ser.], lxxviii, 963–83), Stafford O'Brien (*ibid.* 841–52), Wodehouse (*ibid.* 863–7), Newdegate (*ibid.* 1003–7), Ld. Worsley (*ibid.* 1020–2), Sir John Tyrell.

⁷² Graham said the burdens on land had diminished proportionably with the increase of population, falling from 16s. 5d. per head in 1813 to 8s. 3d. in 1845 (*ibid.* 984–1003).

⁷³ *Ibid.* lxxx, 858–94.

⁷⁴ *Ibid.* 989–98.

⁷⁵ *Ibid.* lxxviii, 1031–8; lxxx, 989–98; lxxxi, 368–78.

⁷⁶ Buxton, *Finance and Politics*, i, 79.

⁷⁷ 'He handed back with courtesy the poisoned chalice to Sir Robert' (Disraeli, *Life of Bentinck*, 34).

⁷⁸ Peel, 22 Jan. 1846, in *Hansard* (3rd Ser.), lxxxiii, 90. The detailed history of the crisis is fully set out in Peel's speech, and in that of Lord John Russell (*ibid.* 67–95, 95–110). Gladstone replaced Stanley; see Morley, *Life of Gladstone*, i, 210, 211.

'reductions in the existing duties upon many articles, the produce or manufacture of other countries.' ⁷⁹

Peel therefore faced the House of Commons as the head of a free-trade government. In the stormy session that followed he had to meet the bitter hostility of the Tory party, whose devotion had raised him to power. Disraeli championed their cause in some of the most brilliant speeches of his whole career,⁸⁰ while other opponents, with parliamentary intolerance of a change of mind, triumphantly quoted and requoted protectionist arguments from his former speeches. It was part of the irony of the whole situation that Peel found impassioned defenders in John Bright and Richard Cobden, whose speeches made a strong impression on the House.⁸¹

This difficult situation found Peel at his best. He felt his position keenly, but his speeches were as powerful as ever, and more animated than usual. While contending that the principles of his government were not inconsistent with true and enlarged Conservative policy, he said he would never hold office shackled by engagements to any party. 'I do not wish to be the Minister of England, but while I have the high honour of holding that office I am determined to hold it by no servile tenure; I will only hold that office on the condition of being unshackled by any other obligations than those of consulting the public interests and of providing for the public safety.'⁸²

On 27 January Peel introduced his scheme of commercial reform to a deeply attentive House.⁸³ He founded it 'on the assumption that protective duties, abstractedly and on principle, were open to objection,' and must be defended on some special ground of public policy or of justice. The experience of the last three years had shown him that reduced protection meant 'increased productiveness in the revenue, an increased demand for labour, increased commerce, increased comfort, contentment and peace in the country.' He asked all protected interests—manufacturing and commercial as well as agricultural—to make the sacrifice, if it were one, of their protection to the common good. After announcing that the duties on timber and tallow, the only raw materials of manufactures still taxed, were to be reduced, he called on the linen, cotton and woollen manufacturers 'to set the example to others by relaxing voluntarily and cheerfully the protection they enjoyed.'⁸⁴ A small duty of 10 per cent. would remain on made-up woollen and cotton goods, and the duty on made-up linen goods would be reduced one-half. The 'variable and capricious duty' on silk was to be reduced to 15 per cent. *ad valorem*. The duty on 'paper-hangings' or wall-paper was reduced from 1s. to 2d. the square yard. With a few minor exceptions which he did not specify, the maximum duty on all other foreign manufactured articles was reduced to 10 per cent., the tariff of 1842 having imposed a general duty of 20 per cent. The duty on candles and on soap was specially

⁷⁹ *Hansard* (3rd Ser.), lxxxiii, 5.

⁸¹ *E.g. ibid.* 1123; lxxxiv, 275, 447, 558.

⁸² 22 Jan., in *ibid.* lxxxiii, 95.

⁸³ *Ibid.* 238-84.

⁸⁴ He stated on the authority of Adam Smith that it was the manufacturing interest that set the example of requiring protection (*ibid.* 246).

reduced. The duty on a great many articles which stood in the tariff was to be remitted altogether.⁸⁵

The heavy duty on foreign brandy—22s. 10d. a gallon—which smuggling had made delusive, was to be reduced to 15s. per gallon.⁸⁶ The sugar duties, though dealt with on a new basis the year before, were again altered, Peel having found that the protection given to British colonial sugar was too large to allow as much foreign free-labour sugar to be brought in as he had anticipated. It was clear that British colonial sugar could bear increased competition with foreign free-labour sugar, and the differential duty would be reduced by 3s. 6d. per cwt. The principle of 1845 with regard to slave-grown sugar was maintained.

Peel then announced a reduction of duty on certain articles of agricultural produce, such as seeds and feeding stuffs, which would, he contended, be an advantage rather than a disadvantage to agriculture, as it would promote the fattening of cattle and provide valuable manure. Enormous sums were being paid by farmers for linseed cake and rape cake, the price of the former having risen from £9 per ton in 1843 to £12 per ton in 1845. The maximum duty on seeds was to be 5s. per cwt. The duty on maize and buckwheat and the flour of maize and buckwheat was 'hereafter' and immediately to be merely nominal.' He proposed an immediate reduction of the duties on butter, cheese, hops and cured fish,⁸⁷ and an immediate repeal of all duties on meat, potatoes and vegetables of all kinds. 'I believe,' he said, 'that in this respect the agriculturists need not fear any competition, nor do I think they can reasonably complain of such a proposition.' All live animals, including horses, were to be admitted duty free, and he hoped the free importation of lean cattle would further stimulate the grazing industry.

Peel then came to the subject on which he anticipated the greatest difference of opinion—the duties on corn. He knew that neither side would approve of his proposals, but his desire was to suggest that which he believed to be just, and calculated to terminate that conflict the continuance of which he thought all must regret. He did not propose immediate repeal. A temporary but reduced protection was to be continued on the distinct understanding that after the lapse of three years, on 1 February 1849, foreign corn should be imported duty free.⁸⁸ He hoped the reduced protection would make provision for 'the deficiency which had arisen in respect to' 'the food of millions.' All grain, flour and meal from British colonies were to be admitted duty free immediately after the passing of the Bill, also maize from the United States. During the three years for which protection remained foreign wheat was to be admitted on a low sliding scale.⁸⁹ He

⁸⁵ *E.g.* the duty on boots was reduced from 28s. to 14s. per dozen pairs (*Hansard* [3rd Ser.], lxxxiii, 251).

⁸⁶ Peel stated that the consumption of French brandy was 'not so great, or not greater than it was at the latter end of the 17th century.'

⁸⁷ On butter from £1 to 10s. per cwt., on cheese from 10s. to 5s. per cwt., on hops from £4 10s. to £2 5s. the ton, on cured fish to 1s. per cwt. (*Hansard* [3rd Ser.], lxxxiii, 258).

⁸⁸ A nominal duty of 1s. per quarter was to remain on wheat, barley, oats, buckwheat and maize.

⁸⁹ *Hansard* (3rd Ser.), lxxxiii, 263.

proposed that certain general reforms should accompany 'this great present 'reduction and ultimate extinction of protection,' reforms which would, he thought, be greatly to the advantage of the landed interest.⁹⁰

Peel concluded by a general review of the state of the country and its future prospects. He hoped that free trade would 'constitute a new bond 'of peace, and that it would control the passions of those European govern 'ments who still indulge themselves in the visions of war.' Peace, however, would mean much more formidable competition with foreign countries with respect to manufactures, and abundance and cheapness of food would help to maintain England's commercial pre-eminence. Further it had been proved 'that abundance and cheapness lead to diminished crime and increased morality.' The times had changed, and these years of comparative abundance had changed the feelings of the people. 'That which was not 'scarcity in the hard winter of 1842 would be scarcity now.'⁹¹

The debate on Peel's proposals occupied twelve nights, forty-eight members speaking in favour of free trade and fifty-five for protection. A large proportion of the speeches have little bearing on the effect of the proposed changes on British industry and commerce, dealing as they do largely with party questions, accusations of inconsistency and personal attacks upon Peel, and, vivid and interesting as they are, must be ignored.⁹²

The protectionists, in addition to the arguments they had been advancing for the last twenty years, found strong ground for inquiring whether the potato famine and the anticipated scarcity of corn in England were serious enough to call for the total abandonment of the Corn Law system under which the country had prospered.⁹³ Lord John Manners said that Peel had given up protection in a moment of panic.⁹⁴ He protested against a proposal which was the 'expedient of a terrified cabinet hurried through 'a mystified Parliament into a premature law.'

Disraeli said that even Peel's mouldy potatoes had failed him.⁹⁵ The cabinet was 'an alarmist cabinet, . . . fright was stamped upon their 'every forehead.'⁹⁶ Lord George Bentinck declared that 'the potato 'murrain was not nearly so extensive as it had been represented';⁹⁷ the wheat crop was more than an average one and Scotland was 'so completely 'choked with grain that granary room was not to be found.'

It certainly appears that Peel, already more than half-converted to free-trade principles, had seized on the potato famine in Ireland as an

⁹⁰ These proposed reforms included the union of parishes into districts for highway purposes, an alteration of the law of settlement, a system of loans to landowners for agricultural improvements, better provision for medical relief and a larger grant for education:

⁹¹ *Hansard* (3rd Ser.), lxxxiii, 283.

⁹² Bentinck said he had swindled his opponents, deceived his friends, and betrayed his constituents (*ibid.* lxxxiv, 349). For examples of embittered eloquence see speeches by Miles, Stafford O'Brien, Inglis, Gaskell, and Lord Worsley (*ibid.* lxxxiii, 642-57, 617, 699-710, 821-8).

⁹³ See speech by Miles, 9 Feb., in *ibid.* lxxxiii, 549-59.

⁹⁴ *Ibid.* 1089-96.

⁹⁵ *Ibid.* 117.

⁹⁶ *Ibid.* 1335.

⁹⁷ *Ibid.* lxxxiv, 303-49. See also *ibid.* lxxxvi, 226, 230, 233.

opportunity for proclaiming his change of front,⁹⁸ but the theory advanced by some that he had done so from interested motives is untenable. He fell in a moment from a supremacy equal to that of the younger Pitt and became the discredited leader of a remnant of the great party he had wrecked, holding office for a few months on sufferance by the votes of his opponents.

The failure of the potato crop ultimately proved to be serious enough to warrant Peel's description of it as a great calamity, the limits of which it was difficult to define. 'We saw,' he said, 'in the distance the gaunt 'form of famine, and of disease following in the train of famine.' Half the potato crop in Ireland had been destroyed. There was a danger that the potatoes required for seed—about one-eighth of the crop—would be consumed, which Peel met by offering corn in exchange for potatoes.⁹⁹ It would be quite impossible to exact a duty of 17s. a quarter on this corn introduced to save the people of Ireland from starvation.¹⁰⁰ Crawford, speaking from personal knowledge, supported Peel's statements as to the extreme gravity of the situation in Ireland.¹ The Irish Secretary said that the distress had not yet reached its height, and unless aid were promptly administered it would be difficult to maintain the peace. The government had ordered a supply of Indian corn and other provisions to be stored in Ireland and sold at cost price later on.²

On the broad question whether free trade was likely to be a successful policy from the point of view of national power and security Peel showed that his conversion had been complete. It was his firm belief that the example of England would be followed by other countries.³ Speaking on 16 February he said that England had to choose her motto, 'Advance' or 'Recede.' Other countries were watching her example.⁴ There was no reason for expecting that they would be met everywhere with a hostile tariff. Sardinia and Naples had both adopted liberal systems. Prussia was shaken and considerable parties both in France and America were seeking to procure a more liberal tariff. Even if that party was not successful, he urged the House not to punish itself by seeking to be revenged on others. 'What was it they had to dread? . . . Iron and coal, the sinews of manufacture, give us advantages over every rival in the great competition of industry. Our capital far exceeds that which they can command. In ingenuity, in skill and energy we are inferior to none. . . . And is this the country to shrink from competition? Is this the country to adopt a retrograde policy? Is this the country which can only flourish in the sickly, artificial atmosphere of protection?'

The same note that England had nothing to lose by free competition,

⁹⁸ On 27 Jan. he said that it would be unfair to the House if he were to say that he attached exclusive importance to the failure of the potato crop.

⁹⁹ See the reports quoted by Peel on 22 Jan. and 16 Feb. (*Hansard* [3rd Ser.], lxxxiii. 79-86, 1003-43).

¹⁰⁰ *Ibid.* 1009.

¹ *Ibid.* 162. For details of the distress see speeches by Sidney Herbert, Graham and Sir George Clerk (*ibid.* lxxxiii, 621-4, 1421; lxxxv, 160-86), and O'Connell (*ibid.* lxxxiii, 1050); Smith O'Brien (*ibid.* lxxxv, 980-4).

² *Ibid.* lxxxvi, 244 *et seq.*

³ *Ibid.* lxxxiii, 276-8.

⁴ *Ibid.* 1041-2.

which was the watchword of the Manchester school, was struck by others.⁵ Lord John Russell believed that Peel had laid the foundation of a new principle in commercial legislation,—‘neither to foster one trade nor the other, neither to attempt to promote agriculture or manufactures, but to leave them to flourish or to fade according to the energies and the skill of the people of this country.’ Lord Morpeth, member for the West Riding of Yorks, said that his constituency, which was the home of the largest woollen trade and the largest steel trade in the Empire and the largest linen manufacture in England, was fully prepared for a removal of protection.⁶ All they wished for was a fair field and no favour.

The other point of view is summed up in Disraeli’s phrase: ‘Could the right hon. gentleman (Peel) fight hostile tariffs with free imports?’ His opinion was that America, Prussia and France would resist free trade. He required more detailed accounts of the ‘shaking of Prussia’ to which Peel had referred, and until he received it he remained sceptical.⁷

The band of convinced protectionists argued with much heat and energy that free trade would be the ruin of agriculture, that land would be thrown out of cultivation by the competition of corn grown in Russia and the United States, that the tenant farmer would be ruined and the labourer thrown out of employment.⁸ All this was denied by the free traders, who said that not a single acre would be thrown out of cultivation even if 3,000,000 quarters annually were imported. Sir George Clerk said it was absurd to expect large supplies from America and Russia, and estimated Russia’s utmost export at 670,000 quarters.⁹ Another protectionist argument was that free trade would transfer political power from the agricultural to the manufacturing class. Disraeli thought a preponderance should be given to the agricultural interest, lest England should ‘fall under the thralldom of capital, under the thralldom of those who, while they boast of their intelligence, are more proud of their wealth.’¹⁰

Peel’s proposal to continue a modified protection for three years met with a good deal of opposition. Lord John Russell thought the present moment specially favourable for the change.¹¹ The failure of the crops abroad kept the price of corn high. If there was any danger to the English farmer it could only be increased by the lapse of time, when preparations should have been made on the Continent and in America with the view of sending large supplies to the English market. Peel’s proposal was like giving the farmer a great-coat on condition he was to take it off when Christmas arrived. In the final debate Villiers and Cobden made eloquent speeches welcoming the coming triumph of the cause for which they had fought.¹² Cobden contended that free trade could not possibly diminish the value of land since ‘there was a taste for land inherent in human kind, and especially it was the

⁵ *Hansard* (3rd Ser.), lxxxiii, 601–12.

⁶ *Ibid.* 803–14.

⁷ *Ibid.* 1326–31.

⁸ See the arguments of Miles, O’Brien, Lord Worsley, Gaskell, Inglis, Lord George Bentinck.

⁹ *Hansard* (3rd Ser.), lxxxiii, 1420–39.

¹⁰ *Ibid.* 1347.

¹¹ *Ibid.* 606.

¹² Villiers, *ibid.* 188–216.

'desire of Englishmen to possess it.'¹³ He concluded his speech with the well-known words, 'We have set an example to the world in all ages; we have given them the representative system . . . the example of a free press, of civil and religious liberty, and of every institution that belongs to freedom and civilization; we are now about to offer a still greater example—the example of making industry free, of giving the whole world every advantage in every clime and latitude and production, relying ourselves on the freedom of our industry . . . so giving to mankind the means of securing the fullest abundance of every earthly good.' After a fiery speech from Lord George Bentinck, the House divided at twenty minutes to three in the morning of 27–28 February 1846, Peel's proposals being carried by a majority of ninety-seven.¹⁴

The later debates on Villiers's motion for immediate repeal¹⁵ and an amendment by W. O. Stanley supported by Miles,¹⁶ were in the nature of an anti-climax. Lord George Bentinck won distinction by some able speeches from the protectionist standpoint,¹⁷ and Disraeli continued his damaging attacks.¹⁸ The Bill passed its third reading in the Commons on 16 May by a majority of ninety-eight.¹⁹

The budget, introduced by Goulburn on 29 May, gave a striking account of the reduction of debt since the beginning of Peel's administration.²⁰ Exchequer balances had been increased by nearly £5,000,000, the capital of the debt reduced by £7,000,000, the average 'deficiency bills'²¹ reduced by £4,000,000, the annual debt charge reduced by £1,500,000 and to be further reduced by £2,000,000 after 1854. During the same period the customs duties on 727 articles had been reduced and on 503 had been repealed.²² The results of the administration up to the present were to be seen in the increased savings bank deposits, the increased consumption of excisable articles, the decrease of crime, progress of education, extension of church building and improved taste in the matter of amusements.²³ This optimistic statement drew forth some criticism, and the Chancellor of the Exchequer was thought to have made a 'prosperity speech' suitable to a ministry which was fond of indulging in Utopian speculations.²⁴

It soon appeared that this eulogy of the government was to serve as its obituary. The protectionists, who were burning to be revenged upon Peel for his repeal of the Corn Laws, found their opportunity in the Bill for the suppression of crime in Ireland. Disraeli and Bentinck made terrific attacks upon Peel's conduct and motives throughout his career.²⁵ 'The vulture

¹³ *Hansard* (3rd Ser.), lxxxiv, 275–92. ¹⁴ *Ibid.* 349. ¹⁵ *Ibid.* 422–31, 450–6.

¹⁶ *Ibid.* 717, 734–6, 760, 762, 766, 788–91.

¹⁷ 8 May, in *ibid.* lxxxvi, 122–30, 288–97; 15 May (*ibid.* 709–21).

¹⁸ *E.g.* 15 May (*ibid.* 652–77).

¹⁹ *Ibid.* 721. For the debates in the House of Lords, which, though interesting, produced few new points, see *ibid.* lxxxvi, 1084–1100. Stanley showed that free trade would destroy the basis of the colonial system (*ibid.* 1128–76).

²⁰ *Ibid.* 1429–52.

²¹ A name given to the advances made by the Bank of England to the Government to balance each quarter's accounts.

²² *Hansard* (3rd Ser.), lxxxvi, 1442–5.

²³ 'Peel found the tariff with over a thousand articles subject to duty, and left it with but half the number' (Sydney Buxton, *Finance and Politics*, i, 65).

²⁴ *Hansard* (3rd Ser.), lxxxvi, 1470.

²⁵ *Ibid.* lxxxvii, 177–84, 517–37.

rules,' said Disraeli, 'where once the eagle reigned. . . . It is Nemesis that 'inspires this debate, and dictates this division, and seals with the stigma of 'parliamentary reprobation the catastrophe of a sinister career.'²⁶ What Wellington described as a 'blackguard combination' was formed,²⁷ and on 26 June the government was beaten by a majority of seventy-three.²⁸ On the very same evening the Corn Law Bill passed its third reading in the House of Lords.²⁹ Three days later (29 June) Peel resigned. The speech in which he took his leave of office is well known and has often been reprinted.³⁰ His review of commercial policy contained an interesting tribute to Cobden in connexion with the Corn Laws. He had advocated the cause of free trade 'from pure and disinterested motives, and with untiring energy made appeals 'to reason and enforced those appeals by an eloquence the more to be admired 'because it was unaffected and unadorned.'⁴¹ Peel knew that censure would be meted out to him by many honourable men who regretted the severance of party ties or who adhered to the principles of protection from disinterested motives; he would leave a name execrated by every monopolist. 'But it may 'be that I shall leave a name sometimes remembered with expressions of good 'will in the abodes of those whose lot it is to labour and to earn their daily 'bread by the sweat of their brow, when they shall recruit their exhausted 'strength with abundant and untaxed food, the sweeter because it is no longer 'leavened with a sense of injustice.'³² Peel sat down amid loud cheering. Hume expressed the general feeling of the House when he said that 'he was 'sure his retirement was a source of regret and a matter of sympathy with 'millions. No one ever left power carrying with him so much of the sympathy 'of the people.'³³

Lord John Russell's administration, which followed, was destructive rather than constructive, and its importance lies in the measures which swept away the remains of the colonial system—the alteration of the sugar duties, the Act giving commercial freedom to the colonies and the repeal of the Navigation Laws. On 20 July 1846, after recapitulating the arguments for the alteration of the sugar duties, Russell proposed 'a complete withdrawal of the 'present prohibitory duty and a very slight change afterwards from year to 'year until the duties were entirely equalized.'³⁴ The duty on foreign slave-grown muscovado sugar was to be reduced immediately from 63s. to 21s., and on foreign free-labour sugar from 23s. 4d. to 21s. In the following year the duty on both was to be reduced to 20s., falling by 1s. 6d. every year until on 5 July 1851 it had reached 14s.³⁵ He drew attention to the relief this alteration would give to the great body of the public, which consumed

²⁶ *Hansard* (3rd Ser.), lxxxvii, 537.

²⁷ Bernard Holland, *Fall of Protection*, 275.

²⁸ *Hansard* (3rd Ser.), lxxxvii, 1027. See Disraeli's graphic description of the scene in the House (*Lord George Bentinck*, 299).

²⁹ *Hansard* (3rd Ser.), lxxxvii, 961.

³⁰ *Ibid.* 1041–54.

³¹ This tribute to Cobden was a source of much vexation to many of Peel's supporters (Morley, *Life of Gladstone*, i, 216). Gladstone said Cobden had incessantly imputed 'bad and vile motives to honourable men.'

³² *Hansard* (3rd Ser.), lxxxvii, 1055.

³³ *Ibid.* 1058.

³⁴ *Ibid.* 1304–25.

³⁵ The duty on clayed sugar, refined sugar and molasses was to fall according to schedules annexed to the Bill.

sugar to the value of about £12,000,000 yearly, the increased cost of which, according to McCulloch's calculations, had amounted to about £3,250,000 a year in 1840, 1841 and 1842.

Owing to labour difficulties the sugar producing colonies could 'equitably' demand delay in the equalization of the sugar duties.' A colonial preference would therefore remain for some years, and the Order in Council forbidding negroes to immigrate from Sierra Leone was to remain relaxed, contracts for one year being allowed. A Bill founded on these proposals was introduced on 22 July,³⁶ and passed after debates on the usual lines.

Towards the end of the session full commercial freedom was granted to the colonies, protection for British manufactures in colonial markets being logically indefensible once the Corn Laws had been swept away.³⁷ All preference in favour of British goods was abolished and the colonies were left free to arrange their own tariff systems. This measure, though of first-rate importance, attracted little attention from a House exhausted by the long struggle over the Corn Laws. From this and later debates,³⁸ however, it is clear that the government hoped that the colonies would use their commercial freedom to become free-trade states of a free-trade Empire. As Roebuck expressed it, 'the principle he wished to establish was a free trade between the colonies and the mother country, a reciprocal free trade in reality, not 'in name.'³⁹ But the colonies took a different view. The coincidence that most of them obtained responsible government about the time that Great Britain adopted free trade enabled them to pursue an independent commercial policy. There was no longer any central power with the authority to frame a commercial tariff; practical if not legal restrictions prevented the Imperial Parliament from applying its free-trade ideals to the self-governing colonies,^{39a} though India and the other dependent states were compelled to maintain a policy of free imports in the interests of the British manufacturer.

One after another the self-governing colonies set up protective systems of their own, since revenue considerations, even apart from economic theories, forbade them to follow the example of Great Britain. To begin with, moderate tariffs were the rule, and a tribute to the influence of the mother country, though the tendency towards higher tariffs was noticeable by the end of the period. As Sir Howard Douglas, the champion of the 'great and remote' interests which were not represented and not in general rightly understood 'in the House,' had shown, free trade converted the colonies in a commercial sense into as many independent states.⁴⁰ The system he advocated, 'the system of free trade within the Empire and moderate protection from without

^{36a} *Hansard* (3rd Ser.), lxxxvii, 1362.

³⁷ *Ibid.* lxxxviii, 678, 738.

³⁸ *Ibid.* See also Grey, *Colonial Policy of Lord John Russell's Administration*; Russell's speech, 8 Feb. 1850, in *Hansard* (3rd Ser.), cviii, 549.

³⁹ *Hansard* (3rd Ser.), cv, 937. See also Lord John Russell in *ibid.* cviii, 541 Sir William Molesworth (*ibid.* cvi, 941).

^{39a} The Colonial Office contemplated using the Imperial right of veto to disallow laws contrary to free trade, but the vigorous opposition of the Canadian finance minister to the Duke of Newcastle's threat to disallow the Canadian protective tariff in 1839 discouraged all further attempts of the kind.

⁴⁰ *Hansard* (3rd Ser.), lxxxiii, 839-55.

which would resolve the United Kingdom and all her colonies and possessions into a commercial union such as might defy all rivalry and defeat all combinations,' that system was impossible for the future. He predicted that the question 'of what use are our colonies?' would next arise,⁴¹ and Russell's government had to meet that question many times in the years that followed. The separatist tendency was strengthened by the Act of 1850,⁴² which gave the colonial legislatures power to levy import duties on British goods, so that from the commercial point of view the Imperial tie was non-existent. The Act of 1850 actually prevented the colonies from giving any preference to British goods by forbidding colonial legislatures to impose any differential duties.⁴³ By the end of the period therefore a commercial system had been set up which was the exact negation of the ideal of 'free trade within the 'Empire and protection from without,' for which Disraeli and Douglas had argued.

In the general election of 1847 the Peelites lost half their seats and only mustered about sixty members. Russell's government, however, was really maintained by their support, for if they had voted with the protectionists, which they never did until after Peel's death, the government would have been left in a minority.⁴⁴ The possibility of a protectionist reaction dominated politics for many years, until the fact that the nation as a whole had been converted to free trade became indisputable after the general election of 1852. This conversion, for which the Cobdenite arguments had prepared the country, was probably due to the period of prosperity which followed, and which was generally regarded as the result of free trade.⁴⁵ The ruling member of the weak Whig government was Palmerston, that 'masterful and expert personage . . . who made sensible men tremble.'⁴⁶ But the Peelites preferred Palmerston and his foreign policy to Stanley and a new Corn Law.

The session of 1847 was dominated by the Irish famine. The havoc wrought by the potato disease had been even worse than that of the previous season, and Labouchere estimated the loss of foodstuffs at £15,916,000.⁴⁷ The effect of this loss upon a population habitually living on the brink of famine was appalling.⁴⁸ Typhus had broken out and was desolating whole districts.

The government was at first hampered in its measures for the relief of distress by rigid economic doctrines as to the danger of State intervention. Lord John Russell had, at the end of the session of 1846, given some kind of

⁴¹ See also Miles, who said that free trade would both make the colonies a burden on England and give them a direct interest to free themselves (*Hansard* [3rd Ser.], lxxxiii, 558).

⁴² Stat. 13 & 14 Vict., cap. 59.

⁴³ Inter-colonial preference was impossible until the repeal of the Act of 1850. See below (1873).

⁴⁴ Morley, *Life of Gladstone*, i, 259.

⁴⁵ Railway development was certainly a factor in this prosperity.

⁴⁶ Morley, *Life of Gladstone*, i, 272.

⁴⁷ Labouchere, 19 Jan., in *Hansard* (3rd Ser.), lxxxix, 86-101.

⁴⁸ Ld. John Russell, 25 Jan., in *ibid.* 428. See quotations from 1st and 3rd Rep. of Poor Inquiry Com. (*ibid.* 427-8).

pledge that the government would not interfere with the supply and sale of food,⁴⁹ his view being that such interference would 'put an end to all 'private enterprise and to the application of capital.'⁵⁰ Roebuck spoke of the 'direful calamities' which would await the country if the government attempted to feed the Irish people. Ireland ought not to be fed at the expense of England and Scotland, nor should England 'provide for every 'bawling demagogue who wanted to exacerbate the miseries of his country.'⁵¹

The Tories as a whole deprecated this dependence upon an economic formula,⁵² and it was strongly denounced by the Irish members. O'Brien said that the suffering people were met not with relief but with economic pamphlets.⁵³

Facts ultimately prevailed over theory, and forced Russell to introduce a series of relief measures which involved considerable interference with 'the law of supply and demand.' His first step was to propose, with the general approval of the House, the suspension of the Corn and Navigation Laws.⁵⁴ The relief works set up by the government in the previous year had taken the form of road-making.⁵⁵ Many critics condemned the works as non-productive and in many places utterly useless, as the roads were not wanted.⁵⁶ On 29 January 1847 Russell announced that the system was to be abandoned,⁵⁷ relief committees being set up to 'receive subscriptions, levy rates and receive donations from the government' and feed the starving people. The Poor Law was to be amended so that the guardians should be required to give relief either in or out of the workhouse to the aged and infirm and all who were permanently disabled. The workhouse was to be kept as a test of destitution for the able-bodied poor, but at a time of severe pressure outdoor relief in food, though not in money, was to be given even to the able-bodied, since the workhouses could not accommodate the crowds who sought relief. He deprecated further stimulation of emigration by the government.⁵⁸ Ireland was not overpeopled; it had been estimated that her natural resources would suffice to support a population of 17,000,000, and already emigration was on a very large scale, over 100,000 having emigrated to Canada and the United States in 1846. He touched on the apathy and inertia prevalent in Ireland and urged the Irish to adopt the maxim 'Help 'yourselves and Heaven will help you.'

On 22 February power was taken to borrow £8,000,000 for the relief of distress in Ireland.⁵⁹

⁴⁹ Hume said he had called upon the government for the 'fatal pledge' that it would not interfere with the sale of provisions (*Hansard* [3rd Ser.], lxxxix, 178). See also *ibid.* 83. ⁵⁰ *Ibid.* 138-42. ⁵¹ *Ibid.* 109-22.

⁵² *E.g.* Bentinck, *ibid.* 102. Earl Fitzwilliam favoured the project of establishing food depots 'in spite of political economy.'

⁵³ *Ibid.* 83.

⁵⁴ 21 Jan. *Ibid.* 210-17, 221-32, 275, 281, 345, 352, 355, 482.

⁵⁵ *Ibid.* lxxxviii, 772.

⁵⁶ See speech by Bernal Osborne, *ibid.* lxxxix, 622-35.

⁵⁷ *Ibid.* 426-52.

⁵⁸ Later schemes for State-aided emigration on a large scale were debated and rejected in both Houses, Lincoln being mover in the Commons and Monteagle in the Lords (*ibid.* xcii, 1369-1401; xciii, 96-105).

⁵⁹ *Ibid.* lxxxix, 504-5.

The Poor Relief Bill provided that the Irish Poor Law should be amended on the lines of the English Poor Law.⁶⁰ Russell stated that the exertions of property in Ireland had not been so great as they ought to have been, and a much larger assessment upon property for the relief of the poor might be made.⁶¹ In England the average rate was 1s. 7½d. in the pound upon the rental; in Ireland it did not exceed 5½d. The very long discussions on this Bill ranged round the principle of giving outdoor relief, and whether it would be sufficient for the relief of the immense mass of destitute people, varied by attacks upon and defence of the character of the Irish landlords.⁶²

Lord George Bentinck on 4 February brought forward a scheme for obtaining advances from the Treasury in aid of Irish railways,⁶³ with the object of providing employment more productive than that now provided out of State funds. His Bill was opposed by the government, and defeated mainly on the ground urged by Russell⁶⁴ and Peel⁶⁵ that the railway scheme would have little effect on the most pressing distress and that when the distress was over Irish commercial enterprise would be sufficient to deal with railway development. Parliamentary grants and government interference meant resignation to sloth, idleness and despair. Shortly afterwards,⁶⁶ however, the government brought forward a scheme for advancing loans from the Treasury to certain Irish railways, which the Chancellor defended as being less 'indiscriminate and extensive' than Bentinck's scheme.⁶⁷ The sum of £620,000 was to be divided by way of loan among three Irish railways, the interest to be at 5 per cent. By May there were signs of improvement. The number of those employed on relief works had fallen from 734,000 to 280,000; the ration system had been effective in dealing with able-bodied applicants for relief, and those discharged had found employment on the land.⁶⁸

Disturbances and discontent were not confined to Ireland. The Chartist movement, which had been checked by competition with the Anti-Corn Law League, gained strength after the repeal of the Corn Laws and influenced by the revolutionary wave of 1848 became a menace to the peace of the country. The movement had its origin with 'The London Working Men's Association' founded in 1836. The proposed charter from which it took its name was to grant six rights to the people, namely, manhood suffrage, equal electoral districts, abolition of property qualification for members of Parliament, payment of members of Parliament, vote by ballot and annual Parliaments. A curious medley of adherents had been brought together under its banner.⁶⁹ Disturbances had already been caused by the refusal of the House of Commons to receive a petition in favour of the Charter in 1839, and the Chartists in 1848 thought they would overawe Parliament with a petition

⁶⁰ *Hansard* (3rd Ser.), xc, 616-24, 1244-1414; xci, 214. ⁶¹ *Ibid.* xc, 1244-61.

⁶² See speeches by Stafford O'Brien (*Hansard* [3rd Ser.], xc, 1261); Scrope (*ibid.* 1270); Gregory (*ibid.* 1273); Sir W. Molesworth (*ibid.* 1286); Sir B. Hall (*ibid.* 1306) O'Connell (*ibid.* 1409); G. A. Hamilton (*ibid.* 1358).

⁶³ *Ibid.* lxxxix, 773-94.

⁶⁴ 26 April.

⁶⁵ *Ibid.* 802-8.

⁶⁷ *Hansard* (3rd Ser.), xci, 1420-3.

⁶⁶ *Ibid.* xc, 66-86.

⁶⁸ *Ibid.* xcii, 217, 1345-50.

⁶⁹ Slater, *The Making of Modern England*, 153 *et seq.*

of huge dimensions to be carried to the House from Kennington Common by a procession of thousands of working men. The procession was forbidden, and the Duke of Wellington took every precaution to prevent its passage over Westminster Bridge by having bodies of troops concealed at every strategical point. The procession had to be abandoned and the petition was taken to the House in a cab. The House ordered an examination of the petition, when it was discovered that a large proportion of the names were fictitious, such as Davy Jones, Pugnose, Flatnose, Woodenlegs and even the names of the Queen, Prince Albert, the Duke of Wellington and other well-known opponents of the movement were found frequently entered among the signatories. The ridicule which this discovery brought on the cause soon made an end of the movement.⁷⁰ It is curious to note, however, that half the objects for which it was established and for which it fought have now been granted.

The first budget of the government—afterwards called by Disraeli, from its singular ill success in its financial proposals, the government of ‘all the budgets’⁷¹—calls for little notice.⁷² The relief expenditure in Ireland, which, calculated at £1,000,000 a month until the harvest, amounted to £8,000,000, was met by a loan. Taxation was left unchanged. The revenue had been very productive, the consumption of beer, wine and spirits, coffee, sugar, tea and tobacco having been unusually large. Future prospects were not so favourable. The failure of the harvests and the high price of food meant a reduction in the purchasing power of the community which would affect the demand for manufactures. The high price of cotton had led to the stoppage of a number of mills in January, and the export of bullion for the purchase of food had produced a pressure on the money market which checked mercantile enterprise.

The duties on rum and sugar were modified in 1847, ‘on the ground of ‘justice to the sugar colonies’ after the removal of protection.⁷³ The prohibition on the use of sugar in breweries and distilleries was removed with the object of preventing a further rise in the price of beer, caused by the excessively high price of malting grain. The excise duty on the sugar spirit used in distilleries was reduced, the differential duty on colonial rum being lowered from 1s. to 6d. as an equivalent for the excise concession.

The arguments for and against the repeal of the Navigation Laws reflect once more the contrast between the point of view of the repealers, who aimed at Plenty, and the protectionists, whose watchword was Power.⁷⁴ This subject had been raised in earlier debates on imperial development. The repealers thought the Navigation Laws hampered trade, raised freights and kept profits low; ⁷⁵ those who supported the system argued that the vital

⁷⁰ McCarthy, *Hist. of Our Own Times*, ii, 10.

⁷¹ *Hansard* (3rd Ser.), ci, 685.

⁷² *Ibid.* lxxxix, 281-95.

⁷³ 22 Feb. *Ibid.* xc, 316-37.

⁷⁴ The free traders decided for what Guizot has called ‘a more agreeable present and a less certain future’ (Bernard Holland, *Fall of Protection*, 349).

⁷⁵ Ricardo estimated that the Navigation Laws raised freights 10s. a ton, which meant an annual tax of £3,590,394 for the protection of shipping.

necessity of maintaining the mercantile marine at its highest point for the purpose of national defence outweighed these drawbacks. Both parties agreed that owing to the multiplicity of exceptions and exemptions the Navigation Laws were a mass of conflicting complications⁷⁶ and that reform was needed.

On 15 May 1848 Labouchere introduced a plan for modifying the Navigation Laws,⁷⁷ and for reforming a system 'founded rather upon motives of State policy than upon maxims of trade. . . . Its principle was 'monopoly and exclusion; its end was to make the British Empire self-supporting and self-relying.' He proposed to reserve the coasting trade and fisheries of Great Britain to British ships, but to strike out the rest of the system from the Statute Book, throwing open 'the whole navigation of the 'country of every sort and description.' Each colony was to have power to pass an Act throwing open its coasting trade to foreign countries if it thought fit. The term British ship was in future to mean a ship British-owned, navigated by a British master, manned by a crew three-fourths of which were British seamen,⁷⁸ but not necessarily British built.

In explanation of his proposals, Labouchere urged that complaints against the Navigation Laws came from all parts of the world. He quoted an address from Canada praying that the navigation of the St. Lawrence should be thrown open to all nations,⁷⁹ a memorial from Jamaica, which hoped to become a depot for trade with America, and from Trinidad, which looked forward to cheapened immigration and a direct trade with France and Spain. He then turned to what was known as the long voyage trade. Prussia, 'speaking with the voice of all Germany,' had warned Great Britain that at the end of the year retaliatory measures would be adopted. The United States had invited Great Britain to join her in mutual concessions, American ports being thrown open to British ships and vice-versa.⁸⁰ Repeal would benefit British shipping by exposing it to free competition. The reputation of British shipmasters was at a low ebb and British ships were fast losing their character in the commerce of the world. He gave figures to show that British shipping had increased faster than foreign shipping since relaxation began in 1824, and that the most protected departments of shipping were comparatively the least flourishing.⁸¹ A complete revision of the Navigation Laws would meet 'the just demands of other countries, the 'wishes of the colonies and the interests of expanding trade.'

John Lewis Ricardo, member for Stoke-on-Trent, supporting the proposal, argued that the American offer was very much to the advantage of Great Britain,⁸² for, though Great Britain excluded American ships from

⁷⁶ See instances given by Labouchere in *Hansard* (3rd Ser.), xcvi, 1007; Graham, *ibid.* civ, 667.

⁷⁷ *Ibid.* xcvi, 988-1055. In the previous year a Committee of Inquiry had been appointed on Ricardo's motion.

⁷⁸ Lascars were included as British seamen.

⁷⁹ Dated 11 July 1847. See *Hansard* (3rd Ser.), xcvi, 1001.

⁸⁰ He quoted Bancroft. 'We are ready to do anything you like; if you can do but little we must do little. . . . if you shall do all we shall do all' (*ibid.* 1009).

⁸¹ For figures see *ibid.* xcix, 32, 33.

⁸² *Ibid.* xcvi, 1040-6.

the colonies, these now displaced British ships in the trade between the United States and Europe.

Nearly all the opponents of the repeal of the Navigation Laws argued that the cost of building and manning British ships was heavier than that of foreign ships. The repealers denied this, and both sides gave figures in support of their assertions.⁸³ Regiments of these contradictory figures were marshalled throughout these debates. From the Board of Trade statistics the relative decline of British shipping was proved at one moment and disproved at the next. Bentinck said the Board of Trade swelled the total of British shipping by reckoning one vessel as 145 vessels because it made 145 voyages in the year ;⁸⁴ Disraeli taunted members with filling their goblets at the tainted fountains of the Board of Trade,⁸⁵ and gave evidence in support of his charge.⁸⁶ In another speech Disraeli said that the Manchester school, finding its promise of exceptional advantages to all interests unfulfilled, was now arguing that shipping ought 'to take its share in the universal 'disaster.'⁸⁷ After a spirited and witty defence of British seamen, he denied that British shipping competed successfully in the export trade in which it was unprotected.⁸⁸ The evidence of colonial hostility was meagre. As to the menace of Germany and the offer of America, Prussia could not retaliate⁸⁹ and the United States could not reciprocate. Amid the fall of thrones and crash of empires which had replaced the commerce and peace promised by the member for Manchester, he could share no responsibility 'for endangering 'the empire broader than both the Americas and richer than the "farthest 'Ind," the empire gained by so much valour and guarded by so much vigilance, ' . . . the empire of the seas.'

Herries's resolution for maintaining the Navigation Laws was defeated by 117 votes on 9 June,⁹⁰ but it was then too late in the session for the introduction of a Bill, which was postponed until the following year.

Another Bill was introduced by Labouchere which followed in its main lines the resolutions of the preceding year. It reserved to the Queen in Council a power to re-enact the restrictions, wholly or in part, with reference to any countries which should adopt a policy prejudicial to British interests—a threat of retaliation which was sharply criticized by free traders and protectionists alike.⁹¹

Many speakers based great hopes on America's expressed willingness to meet Great Britain half-way in concessions,⁹² but the election of a protectionist President doomed these hopes to disappointment.⁹³ One of the best

⁸³ *E.g.* Mitchell, in *Hansard* (3rd Ser.), xcix, 198 ; Granby, *ibid.* 202 ; Robinson, *ibid.* 191.

⁸⁴ *Ibid.* 591.

⁸⁵ *Ibid.* 631.

⁸⁶ *Ibid.* 632-3.

⁸⁷ *Ibid.* 620-46.

⁸⁸ He illustrated his argument by details of the British shipping in Rio and Trieste. For the figures see *ibid.* 629.

⁸⁹ Prussia had no ports of consequence. If she got possession of Hamburg or ports in the North Sea it would be quite different (*ibid.* 640).

⁹⁰ *Ibid.* 670.

⁹¹ Gladstone said that it was meant to be a dead letter, which was unfair to the ship-owners and scarcely honest to foreign powers (*ibid.* ciii, 552).

⁹² *E.g.* Hume in *ibid.* cii, 715 ; xvi, 3, 4. Russell expected 'fair and equal terms from America, Prussia, Russia and Austria' (*ibid.* civ, 682-90).

⁹³ *Ibid.* cii, 726-8.

speeches in favour of repeal came from Graham,⁹⁴ who maintained that the mercantile marine, which was the keystone of British naval power, would not be impaired, since repeal would lower freights, increase exports and imports, stimulate consumption and the demand for shipping. Foreign powers—Russia, the United States and the Zollverein—threatened to put Great Britain on the footing of the least favoured nation. The restrictive policy could only be successful as long as it was confined to Great Britain; if other nations imitated her, Great Britain would be the chief loser in a game where all must lose something. He opposed reciprocity owing to the harassing complications of reciprocity treaties and denounced retaliation as a blind, vindictive passion which would injure Great Britain more than her rivals. ‘Retaliation,’ he said, ‘makes the folly of others the limit of our wisdom.’ Repeal would increase the general commerce of the world, of which the lion’s share would fall to England. The attitude of the colonies was most important, and as regarded Canada the matter was urgent. Then followed a statement which made a great sensation in the House. He had the strongest conviction that, unless they returned to the system of protective duties in favour of Canadian corn, if the Navigation Laws were retained the loss of Canada was inevitable.⁹⁵ He regarded the measure as ‘the battlefield on which the last struggle must take place between reaction and progress.’⁹⁶

Herries was conspicuous among those who opposed repeal.⁹⁷ In closely reasoned speeches he argued that the Navigation Laws had secured to Great Britain a large mercantile marine, and that it was a mere fallacy to suppose that a large mercantile marine was not necessary to a great naval power. ‘At first the battle might be to the stronger in an armed fleet, in the end it would be to the country with the largest mercantile marine.’ He admitted that the Navigation Laws restricted commerce to some extent, but ‘the inconvenience was trifling compared with the great national objects they promoted,’ the maintenance of our naval supremacy. He quoted petitions from London, Liverpool and twenty-eight other shipping centres protesting against a measure to invite foreign nations to share the advantages hitherto enjoyed by Great Britain, ‘nations utterly unable, even if willing, to confer an equivalent in return.’ As to Colonial opinion, the case that Canada ‘was in a blaze for the abrogation of these laws’ was good for nothing. Without protection Canada was in a ‘disadvantageous and distressing position’ as compared with the United States, and Canada preferred the return of protection to the repeal of the Navigation Laws.⁹⁸ The argument from the West Indies had been abandoned. The repeal of the Navigation Laws would purchase no adequate concessions

⁹⁴ *Hansard* (3rd Ser.), civ, 655–76.

⁹⁵ Manifestoes in favour of annexation to the United States were signed in 1849 (Bernard Holland, *Fall of Protection*, 293).

⁹⁶ *Hansard* (3rd Ser.), civ, 675.

⁹⁷ *Ibid.* ciii, 466–85; civ, 622–32.

⁹⁸ Canada petitioned for a protective duty of 5s. on colonial as against foreign wheat (*ibid.* cii, 735). Under the Act of 1843 a flourishing corn trade had grown up, and capital had been invested in improving waterways and in building flour mills. The Act of 1846 swept away all this trade.

from foreign powers. He quoted the replies to a circular note sent by the Foreign Office to all foreign governments in 1848, which were most unsatisfactory. They all acted upon the sound protection principle under which Great Britain had prospered and under which her foreign rivals were now making progress. The golden promises of American liberality had not been kept, and the President had announced protective measures.⁹⁹ This wealthy, civilized and overburdened country could not build ships as cheaply as less burdened states.¹⁰⁰ This point was also taken up by Granby, who argued that it was due to higher wages and higher cost of materials. The theory that British ships lasted longer than foreign ships was a fallacy.¹

Drummond, the financier and economist, had already described the measures as the latest of a series inculcated by the Manchester school, 'who could not conceive how anything that was not good for cotton spinning could be good for anything else,' their aim and object being to discharge all British labourers and to employ foreign labourers—'a satanic school of politics.'² On the same lines Walpole argued that private gain ought to be subordinated to national interests and quoted Lord John Russell's saying, 'Let us be Englishmen first and then economists.'³ Several speakers insisted on the value of what was known as the 'long voyage trade' from Asia, Africa and America.⁴ Great Britain was especially equipped by its geographical position between the New World and the Old and by its docks and warehouses to be the depot of the world. Of this long voyage trade Great Britain would be deprived by repeal.

According to Disraeli the case for repeal had been rested on three points, commercial inconvenience, colonial discontent and foreign menace. Since then the facts had blown up and the theory had broken down.⁵ He made great play with Graham's declaration about the battle between progress and reaction. 'Progress to what?' said Disraeli, 'progress to paradise or progress to the devil?' The people of England were tired of 'windy phrases about progress.' He attacked the 'great statistical conspiracy which began by proving the English peasant was a serf and concluded by demonstrating that the British sailor was a sot.' The Bill then passed its third reading.⁶

In the second reading debates in the Lords,⁷ Lansdowne declared that the Navigation Laws originated in a feeling that still pervaded the national mind, 'the desire to grasp at everything that could be obtained in commerce, a desire which had never been indulged without bringing its own punishment.'⁸ The system had suffered such repeated relaxations and modifications by agreement with foreign powers that instead of British commerce being

⁹⁹ To this day the American coasting trade and the trade with the Philippines are reserved to American ships (Bernard Holland, *Fall of Protection*, 286).

¹⁰⁰ *Hansard* (3rd Ser.), civ, 622.

¹ *Ibid.* cii, 712-13; ciii, 607-10.

² *Ibid.* ciii, 506-33.

³ *Ibid.* civ, 647-58.

⁴ E.g. Cardwell, in *ibid.* ciii, 519-27.

⁵ *Ibid.* civ, 690-701. He gave evidence as to the attitude of the colonies and of the United States and of foreign powers (*ibid.* 692-7).

⁶ *Ibid.* 706.

⁷ *Ibid.* 1316-92; cv, 1-120.

⁸ *Ibid.* 1316-28.

clothed in a suit of impenetrable armour it was only clothed in a garment of shreds and patches ;⁹ the amount of protection remaining was very small.

Brougham created some excitement by announcing his opposition to the Bill.¹⁰ He denied that the question was one of free trade, and quoted free traders like Adam Smith and Huskisson in favour of the doctrine that 'defence is of more importance than opulence.' The mercantile marine, with its 4,000,000 tons of shipping navigated by 230,000 seamen, was the nursery of the triumphant navy.

The hope of obtaining reciprocal advantages for British shipping by the repeal of the Navigation Laws was doomed to disappointment, and on 17 June 1851 Stanley's appeal to the government to exercise the retaliatory powers, reserved under the Act, failed.¹¹ The arguments of those who wished for retaliation were stated in the Commons by Herries, who lamented a 30 per cent. decline of freights and an unexampled depression of the shipping interest.¹² Belgium, Prussia, France, Spain, Portugal and America had declined to follow England's example, and with the exception of Sweden, Denmark and the northern states of Europe, which had an obvious interest in relaxation, almost every nation had held aloof. This account of the state of the shipping interest is at variance with that of Lord Granville,¹³ who commented on the activity of the shipbuilding yards and the large foreign demand for iron and other steamships, and Stanley and Herries failed in their demand for retaliation.

Many things combined to bring colonial affairs prominently before Parliament in 1849 and succeeding years. The heavy expenditure on the colonies at a time when retrenchment was being preached on all sides, the frequent discussion of schemes for emigration to the colonies and some flagrant instances of colonial misgovernment combined to dispel the cloud of 'ignorance and indifference in which Englishmen had been too long contented 'to remain.'¹⁴ In Disraelian phrase, the English were 'an insular people of 'strong purpose but deficient in information.'¹⁵ Serious rioting in Canada led to long debates,¹⁶ the importance of which was mainly constitutional, turning as they did on the question whether the British House of Commons would be justified in interfering with the Indemnity Act passed by the Canadian legislature.

The alleged high-handed and extravagant administration of the governors of British Guiana and Ceylon provoked a general attack on the Colonial Office.¹⁷ Hume's speech on the Address had contained a reference

⁹ He quoted treaties with twenty-two foreign powers, all more or less violating the principle of the Navigation Laws.

¹⁰ *Hansard* (3rd Ser.), civ, 1328-57. 'As to the Reports of the Board of Trade, anything and everything might be proved by their assistance.'

¹¹ *Ibid.* cxvii, 847-57. He gave figures as to the rapid increase of foreign shipping in British ports (*ibid.* 853) and an account of the special burdens on British shipping.

¹² *Ibid.* cxvi, 304-6.

¹⁴ *Annual Register*, 1849, History, 103.

¹³ *Ibid.* cxvii, 857-70.

¹⁵ *Hansard* (3rd Ser.), xvi, 119-39.

¹⁶ *Ibid.* ciii, 957, 1124, 1189; civ, 1250; cv, 495, 1148; cvi, 189, 252, 274, 278, 281, 301, 305, 450, 547.

¹⁷ *Ibid.* cii, 758, 938 *seq.*, 965 *et seq.*, 1039; ciii, 1442; civ, 145; cvi, 183; cvii, 920, 948, 949.

to the 'disgraceful management' of the colonies, which he developed in subsequent speeches,¹⁸ and Roebuck later in the session—on 24 May—introduced a scheme for 'self-government, reciprocal free trade and metropolitan union' by governors appointed by the Crown, which was followed by a long discussion of the principles of colonial policy.¹⁹ Roebuck, who was then an independent member, laid stress on the haphazard way in which the colonies had grown up,²⁰ and the vast schemes for emigration—which by itself was misery—without proper provision being made for the new settlers. He contrasted the rise of five magnificent states carved by America out of the western wilderness since 1783 with the slow development of British America. 'Our colonial system,' he said, 'is one of the most idle and ill-contrived systems that ever disgraced a nation.' On 26 June the subject was brought up again by Sir William Molesworth, a great advocate of colonial self-government, who later became Colonial Secretary under Lord Palmerston. In a very pessimistic account of the state of the colonies,²¹ he estimated that they had cost the mother country during the last fifteen years £80,000,000, enough for the conveyance of 4,000,000 emigrants to Australia, whereas all the colonies together did not contain more than 1,500,000 persons of British or Irish descent. There were as many British subjects in the United States as in all the colonies together, and the export trade to them all did not exceed £9,500,000 a year, which was less than the trade with the United States.²² He condemned a system which had produced disasters everywhere: 'rebellion in Canada, ruin in the West Indies, native wars and Boer rebellions in South Africa, riots and martial law in Ceylon, in Australasia convict communities more hideously vicious than any recorded in history, and in New Zealand imbecile governors and unnecessary wars.' He charged the Colonial Office with the arbitrary character of its government, which was government from a distance on second-hand and one-sided information, with its secrecy and irresponsibility, its subordination to parties and cliques, its ignorance and vacillation,²³ its heartbreaking injustice and continual disorder. The responsibility of the Colonial Office to Parliament was merely nominal, owing to the latter's ignorance of colonial affairs. The Colonial Office, with a staff of twenty-eight persons, attempted to govern forty-three communities of varied race and language. Among them the Secretary of State had to divide his time and attention 'traversing and retraversing in imagination the terraqueous globe . . . like nothing on earth or in romance, save the Wandering Jew.'²⁴ He denounced the extravagance of colonial administration, the

¹⁸ *Hansard* (3rd Ser.), cii, 147, 163, 271, 275, 276, 961, 976, 981; civ, 288, 290, 291, 292; cvi, 969, 976, 981.

¹⁹ *Ibid.* cv, 928-64.

²⁰ *Ibid.* 928-43.

²¹ *Ibid.* cvi, 937-69. See also *Parl. Papers*, 1846, xxvii, 455, pp. 213-16; 1847-8, xlii, 369 *passim*.

²² 'British money and labour poured into the United States, while Canada was almost entirely neglected' for years after free trade was adopted. Canadian development was certainly postponed by free trade (Bernard Holland, *Fall of Protection*, i, 294).

²³ The state of Ceylon was a proof of the one and the decision not to send convicts to Van Diemen's Land made in 1846 and revoked in 1847 was a proof of the other.

²⁴ *Hansard* (3rd Ser.), cvi, 952.

heavy expenditure on fortifications,²⁵ 'the insane desire for worthless empire, 'which thrust an officer and a few soldiers into every nook and cranny of our 'colonial universe.' Military authorities, 'in anticipation of their coming 'millennium of perpetual strife,' argued that Great Britain should be ready to combat on every point with everyone for the whole of her vast colonial domain. But, following the 'prestige of might' argument, our colonial empire was our lion's skin. In the event of a serious struggle with a power of nearly equal force the colonies would be a serious incumbrance.

Molesworth's demand for inquiry was supported by Gladstone, who thought that the arbitrary will of colonial ministers ought to be checked.²⁶ Hawes (then Under-Secretary), Labouchere and Russell were able to shelve Molesworth's motion by pointing out the practical difficulties in setting up the standing Committee of Inquiry he desired.²⁷ But the inadequacy of these parliamentary replies to Molesworth's philippic was recognized, and on Lord Grey's request the economist, J. T. Danson, wrote a reply in the form of a pamphlet, *The Commercial Colonies*,²⁸ which contains a mass of statistical information.

The distress in the East and West Indies attracted the attention of Parliament in 1848. A Committee of Inquiry was appointed on the motion of Lord George Bentinck,²⁹ and a little later a loan of £170,000 was made to British Guiana and Trinidad for the purpose of promoting the immigration of free labourers.³⁰

The distressed state of all the sugar colonies was generally admitted. A number of West Indian firms with liabilities of £6,300,000 failed, and five great firms in the Mauritius trade failed with liabilities of £2,900,000. According to Bentinck the planters were *in extremis*, their distress being due to the Act of 1846, which exposed them to the competition of slave-grown sugar from Cuba and Brazil. The price of sugar had fallen by £10 a ton, which made it impossible to cultivate it at a profit by free labour, and the Act of 1846 had actually stimulated the slave trade and the horrors of the middle passage.³¹ According to Disraeli there could be no 'free competition' between the Spanish colonies, which had abundance of labour for which they paid nothing, and the British colonies where there was scarcity of labour for which they paid a great deal.³² He denounced the 'rapacity of 'rival industries and the quackery of economic science.' Legislation was ruled, not by facts, but by phrases like 'competition, energy and enterprise.' Free trade turned out to be the huckstering transaction of buying in the cheapest market regardless of imperial interests; the price of a pound of

²⁵ For figures see *Hansard* (3rd Ser.), cvi, 953-5.

²⁶ *Ibid.* 982-92.

²⁷ *Ibid.* 971-82, 992-4, 996-1002.

²⁸ J. T. Danson, *Economical and Statistical Studies*, 134-281.

²⁹ 3 Feb. *Hansard* (3rd Ser.), xvi, 7-42.

³⁰ 1 May (*ibid.* xviii, 544). 10,000 coolies had been brought to Guiana at a cost of £75,000 (*ibid.* 541). Stanley had authorized coolie immigration in 1844 (*ibid.* 550).

³¹ *Ibid.* xvi, 35-9. Throughout the debate figures as to the comparative cost of production by free and slave labour are given. See *supra*, p. 149.

³² He drew attention to the disappearance of the sugar trade with India since 1846 (*ibid.* 119-39).

sugar dominated men's minds. The commercial principle had superseded the imperial principle, but if the senate was converted into a counting-house it would not be long before the nation degenerated into a factory.

Lord John Russell, while defending the Act of 1846, which had, he said, given a cheaper and larger supply of sugar with a diminution of burdens to the people of England, found it necessary to propose a modification of the Act later in the session.³³ He proposed to guarantee a colonial loan not exceeding £500,000 for the purpose of meeting the expense of immigration. The measures already taken for introducing labourers had not been very successful and had been retarded far longer than was quite fair or just to the West Indian proprietors, owing to a fear that 'the slave trade might be 'revived under a pretence of immigration.' He proposed also that the duty on colonial brown sugar should be reduced from 20s. to 13s., and should fall by a shilling every succeeding year until it reached 10s. After 1854 the duty on foreign and colonial sugar would be equal.

This proposal, which extended moderate protection for a few years longer, was opposed by the free traders on the ground 'that it increased 'the differential duty in favour of the colonies,'³⁴ and by the protectionists as totally insufficient to avert the ruin of the West Indies,³⁵ while Inglis, Pakington and others condemned it on the ground that for the sake of a fraction of a penny in the price of sugar the slave trade would be perpetuated.³⁶ After very protracted debates, in which great heat and excitement was displayed, Russell's resolutions and the Bills founded on them were passed.³⁷

The budget, or rather the succession of budgets, presented in 1848, showed that the finances were again in an unsound state. The revenue had not come up to expectations, the decline being attributable to the high price of corn and its effect on trade. This, together with the Kaffir War and the increasing expenditure upon national defence, inspired by the increase in the French steam navy, produced a deficit of £2,956,683.³⁸ Russell therefore proposed to continue the income tax for three years at the increased rate of 5 per cent., a rise from 7d. to 1s. in the pound.³⁹

The proposal was denounced in Parliament and the country received it with what Disraeli described as 'an unearthly yell.'⁴⁰ 'Petitions poured in 'from all the principal towns of the country . . . there were symptoms 'of a formidable agitation which if resisted might sweep away the income 'tax and the ministry together.'⁴¹

Disraeli, after taunting Cobden and Bright with the fact that free trade, instead of bringing universal peace and universal philanthropy, had brought

³³ 19 June, *Hansard* (3rd Ser.), xcix, 729-40, 821-5.

³⁴ See speeches by Cobden, Villiers and Bright. The last stated that the distress in England was worse than in the West Indies (*ibid.* 745-9).

³⁵ E.g. Bentinck, Drummond, Henley, Herries.

³⁶ *Hansard* (3rd Ser.), xcix, 740-1.

³⁷ *Ibid.* c, 501; ci, 388. As a result 'the West Indies were replenished with a cheap and industrious East Indian labouring population' (Bernard Holland, *Fall of Protection*, 296).

³⁸ Of this £1,525,000 was Irish famine relief (*Hansard* [3rd Ser.], xovi, 904).

³⁹ *Ibid.* 900-26.

⁴⁰ *Ibid.* ci, 680.

⁴¹ *Annual Register*, 1848, Chronicle, 43.

increased armaments and a bankrupt exchequer, noticed the formidable recurrence of a Whig deficit.⁴² Russell on 21 February deprecated any 'parade of armaments' and found in the British Museum, the new Houses of Parliament and the Polar Expedition pacific explanations of increased estimates.⁴³ A few days later, on 28 February, the Chancellor announced that the government did not intend to press its proposals,⁴⁴ and on 25 August, when the fourth budget appeared, the House found that the deficit was to be met by raising a loan.⁴⁵

The year 1849 has been described as a year of reaction after revolution. Trade was reviving, though it had not yet recovered from the financial crisis of 1847 and the shock of revolution abroad. The absorption of capital by railway schemes continued and there was 'a general want of confidence in the management of these vast undertakings.'⁴⁶ The price of corn had fallen to 45s. and agriculturists were uneasily awaiting complete free trade, which was to begin in 1850. The Board of Trade statistics showed that the export trade in cotton, woollen, linen, silk, hardware and earthenware had fallen off by £4,000,000 as compared with 1847 and by £5,200,000 as compared with 1846.⁴⁷ The decline in the revenue, however, had been checked, employment in the cotton trade had improved and the demand for manufactures was improving.⁴⁸

The budget statement showed a small surplus of £104,300 for the year 1848-9.⁴⁹ With no change in taxation, the Chancellor of the Exchequer hoped for a surplus of about £736,000 for 1849-50. From the financial point of view the most interesting event of the year is the beginning of a campaign for the reduction of naval, military and colonial expenditure under the leadership of Cobden and Bright. Associations for financial reform were formed in London, Edinburgh, Liverpool and other large towns, the Liverpool Association distinguishing itself by stating that the army was maintained solely for the purpose of feeding the younger sons of the aristocracy.⁵⁰

Cobden, on 26 February,⁵¹ moved that the annual expenditure, which had increased by nearly ten millions since 1835, should be reduced as speedily as possible to the scale that was found sufficient in 1835. He attacked the 'enormous item' of £18,000,000 for naval and military establishments. England was never so free from danger of war as she was now; her foreign relations were as calm as still water. He urged the reduction of colonial expenditure. The colonies, having been given free trade, ought to maintain their own establishments. Otherwise, if they wished to be an integral part of the kingdom they must share Great Britain's debt and pay the same taxes. It was monstrous that the people of England should be 'taxed to

⁴² *Hansard* (3rd Ser.), xcvi, 946-60.

⁴⁴ *Ibid.* 1414.

⁴³ *Ibid.* 987-93.

⁴⁵ *Ibid.* ci, 540-55.

⁴⁶ *Annual Register*, 1849, History, 2.

⁴⁷ *Hansard* (3rd Ser.), cii, 53, 54. See also Disraeli's speech on 'the failure of the new commercial system' (*ibid.* 93-7).

⁴⁸ *Ibid.* 64.

⁴⁹ 22 June, *ibid.* cvi, 740-57.

⁵⁰ *Ibid.* cii, 1243. This was supported in the House by Hume (*ibid.* 1259).

⁵¹ *Ibid.* 1218-35.

'support possessions from which they derived no more benefit than the people 'of any other country.'⁵² Milner-Gibson said that 'financial strength was 'more important in the case of sudden danger than the empty parade of 'military or naval armaments';⁵³ 'it was time enough to increase naval 'armaments when we were threatened with an attack . . . let us not in the 'meantime die out of mere fear of death.' Bright, after contrasting the financial condition of England and the United States,⁵⁴ showed that the latter had increased neither its navy nor its army. England maintained more troops in Canada than the whole standing army of the United States. It was a delusion to suppose that warships and soldiers all over the world helped England to obtain supplies of raw material; corn would flow to this country from every part of the globe if we had no ships of war abroad.

The attack on military expenditure for the defence of the colonies was renewed by Molesworth on 10 April 1851,⁵⁵ contending that the true maxim was 'no imperial expenditure for local purposes.' This point of view was developed by Roebuck,⁵⁶ who thought the responsibility of the home government should be limited to the defence of the colonies against the great powers. Seaward they should be safe, but against the aborigines they must protect themselves. The plague and scourge of colonial wars, said Gladstone, could only be kept down by the colony being responsible for the expense of these wars.⁵⁷

Russell, in reply, showed that it was not a question of saving £1,600,000 a year, but the maintenance or dissolution of the Empire. If Great Britain refused military protection to the colonies, foreign powers would concert plans of attack. In an earlier speech (8 February 1850) he showed that the question had arisen 'whether it was desirable to retain our colonial empire 'at all.' After giving figures as to the remarkable increase in the population and wealth of the colonies, he said that Great Britain could not get rid of her obligation to govern them. Further, 'the colonies formed part of the strength 'of the Empire. In peace as well as in war their support or the loss of it 'was of great importance.' They provided harbours and security for a world-wide commerce 'most useful in time of peace but absolutely necessary in 'time of war.' He announced that representative institutions would be granted to the Cape of Good Hope; a Bill for providing constitutions on the New South Wales model for the other Australian colonies would be introduced later,⁵⁸ and New Zealand would be given representative institutions at the date already fixed by Parliament.

The budget of 1850 reflected a great recovery in prosperity. The value of the export trade had increased from £48,000,000 in 1848 to £58,000,000 in 1849,⁵⁹ and the budget introduced on 15 March showed a surplus of

⁵² In the following session (1850) he renewed his motion (*Hansard* [3rd Ser.], cix, 542-63). Hume and Disraeli urged the reduction of official salaries (*ibid.* cx, 231-48, 1016-19).

⁵³ *Ibid.* cii, 1273-88.

⁵⁴ *Ibid.* 1294-9.

⁵⁵ *Ibid.* cxv, 1364-1401.

⁵⁶ *Ibid.* cxvi, 272-9.

⁵⁷ *Ibid.* 260-70.

⁵⁸ The Bill was passed during the session (*ibid.* cviii, 976; cix, 1258; cx, 554, 1164, 1384, 1429; cxi, 497, 943; cxii, 980; cxiii, 762). See Appendix.

⁵⁹ *Ibid.* cviii, 129, 130.

£2,252,000.⁶⁰ The Chancellor anticipated a surplus of £1,500,000 for the coming year, half of which he proposed to apply to the reduction of debt, the principal of which had, he pointed out, been increased by £27,000,000 during twenty years of profound peace, and the other half to a reduction of the stamp duties (£300,000) on the transfer of landed property and the repeal of the duty on bricks (£455,000). The object of the repeal of this duty was to facilitate the building of workmen's cottages. A grant of £2,000,000 to England and Scotland and of £1,000,000 to Ireland was to be made by way of loan for drainage and land improvements, which had proved profitable as well as giving employment.

The distress of the agricultural interest, constantly debated in 1850,⁶¹ was admitted in the Queen's Speech of 1851.⁶² This was the only dark spot. Trade was flourishing, there was little unemployment and the revenue returns were satisfactory.⁶³

The government, however, soon found itself in serious difficulties over its financial proposals. There was an unpopular budget, a crisis, the resignation of the ministry, followed by its speedy return to power and a second budget on the details of which the government was several times defeated. The first budget, introduced on 17 February,⁶⁴ had a very unfavourable reception, attacks upon it being made in every quarter of the House.⁶⁵ Three days later Lord John Russell resigned,⁶⁶ the defeat of the government on Locke King's motion for the extension of the parliamentary franchise and the reception of the budget having convinced him that the cabinet was too weak to carry on public business satisfactorily. As both Aberdeen and Stanley failed to form ministries, the Queen asked Russell to resume office⁶⁷ and 'to endeavour at least to carry on the government of the country.'

Sir Charles Wood introduced the second budget of the year on 4 April.⁶⁸ The concessions intended as a boon to the agricultural interest were dropped, the Chancellor saying that he would 'not attempt to force them upon parties 'who repudiated the favour.' The window tax was totally repealed, a house duty being substituted for it. Hume carried an amendment limiting the income tax to one year,⁶⁹ and Russell accepting the situation⁷⁰ the Income Tax Bill, thus limited, was passed.

Disraeli's motion for the relief of agricultural distress on 11 February 1851⁷¹ was followed by a debate in which there was a certain amount of new information about the condition of agriculture and of the effect of free trade upon it. Disraeli had already announced that the cause for which he

⁶⁰ *Hansard* (3rd Ser.), cix, 972-98.

⁶¹ *Ibid.* cviii, 93-233, 1026-1253.

⁶² *Ibid.* cxiv, 3.

⁶³ See debate on Address (*ibid.* 56-65), when Peto gave details as to the progress of the cotton trade, the shipping interest, and of Ireland.

⁶⁴ *Ibid.* cxiv, 703-38.

⁶⁵ See speeches by Herries, Hume, Newdegate, Bankes (*ibid.* 738-9, 739-43, 755-7, 758-9), Muntz (*ibid.* 760-1), Wakley (*ibid.* 768).

⁶⁶ 24 Feb. *Ibid.* cxiv, 892-5.

⁶⁸ *Ibid.* cxv, 1039-66.

⁶⁷ *Ibid.* 1064, 1074-6.

⁶⁹ *Ibid.* cxvi, 437-42, 496.

⁷⁰ *Ibid.* 511-14. By 1851 'this Whig floundering with finance had reached a climax (Morley, *Life of Gladstone*, i, 340).

⁷¹ *Hansard* (3rd Ser.), cxiv, 374-414.

struggled was 'the cause of labour'; the bulk of the agricultural class were men of 'limited means, thrifty habits and industrious lives.'⁷² This speech marks the point at which he began to press for a reduction of the burdens on agriculture instead of for the renewal of protection. The line of argument he adopted was that the price of corn and of meat was lower than free traders had expected, and that agriculture was further oppressed by an unfair share of the burden of taxation.⁷³ The Tory party, of which he was now the acknowledged leader in the House of Commons, lagged far behind him and continued to urge a return to protection long after Disraeli had realized that it was doomed to failure, for that generation at all events. As long as the era of buoyant prosperity continued it was likely that free trade would be impregnable.

Lord John Russell's government was defeated on the Militia Bill early in 1852. Palmerston, who was anxious to avenge his removal from the office of Foreign Secretary, moved an amendment which was carried by a majority of eleven,⁷⁴ and on 23 February Russell announced his resignation.⁷⁵

⁷² See his 1850 speeches (*Hansard* [3rd Ser.], cxiv, 1026-45, 1264-72). 'Disraeli,' wrote Gladstone, 'showed the marvellous talent he has for summing up with brilliancy, buoyancy and comprehensiveness at the close of a debate' (Morley, *Life of Gladstone*, i, 263).

⁷³ For the arguments on the malt tax, see *Hansard* (3rd Ser.), cxix, 150; cxvi, 679-89, 706-17).

⁷⁴ *Ibid.* cxix, 874.

⁷⁵ *Ibid.* 887-8.

CHAPTER VI

WAR AND FINANCE

(1852 to 1859)

LORD Derby formed his administration under very peculiar conditions. The ministers were nearly all new to public office and no one knew who was to lead the House of Commons.¹ The government was in an undoubted minority in the Commons and was not certain of a majority even in the Lords. Derby therefore announced that the government would not attempt to touch questions involving the financial and commercial policy of the country.² The opposition attempted in vain to get Derby committed either to free trade or protection, but he found a way of escape from the dilemma. He declared that the government was prepared to abide by the verdict of the country at a general election,³ but 'no challenge, 'no difficulty and no mortification would induce him to recommend a dissolution one moment sooner than he considered expedient.'⁴ Villiers in the Commons had asked the leader of the House to make a candid, manly and open avowal of the intentions of the government.⁵ The country, he said, had prospered exceedingly under free trade.⁶ Agricultural improvement was proceeding with great energy and spirit,⁷ the use of the American reaper, the steam threshing machine, the turnip-cutter, horse drills and hoes had effected great economies, and the materials required for draining had been reduced to one-fifth of their former cost.⁸ The tenant farmer would not now ask the government to abandon a free-trade policy.

Disraeli, now chancellor of the Exchequer and leader of the Commons, made his eagerly awaited financial statement on 30 April 1852.⁹ It was professedly provisional and was received with general approval,¹⁰ Gladstone praising his 'wise and prudent policy.'¹¹ After a general review of the state of the revenue and the sources of taxation, Disraeli came to the conclusion

¹ Gladstone wrote bitterly of the giddy prominence of inferior men (Morley, *Life of Gladstone*, i, 319). See Buxton, *Finance and Politics*, ii, 101-2.

² *Hansard* (3rd Ser.), cxix, 889-905.

³ 'He danced his hornpipe among burning ploughshares with considerable dexterity and felicity' (Lord Campbell, *Life* [ed. Hon. Mrs. Harcastle], ii, 303).

⁴ 15 March 1852, *Hansard* (3rd Ser.), cxix, 998-1013.

⁵ *Ibid.* 1039-52.

⁶ See also Russell, in *ibid.* 1064-75. The export of manufactures had risen from £57,000,000 in 1846 to £74,000,000 in 1851.

⁷ See also Graham, in *ibid.* 1081-97.

⁸ Villiers, quoting Report presented to the Royal Commissioners of the Great Exhibition (*ibid.* cxix, 1046).

⁹ *Ibid.* cxi, 10-36.

¹⁰ Sir Charles Wood said Disraeli had made out his case triumphantly (*ibid.* 38). Baring said it was an exhibition of his great talent and genius (*ibid.* 49); and so on.

¹¹ *Ibid.* 54.

that the 'odious and unpopular' income tax must be continued for another year in order to avoid a deficit.¹²

Parliament was prorogued on 1 July and dissolved immediately afterwards. The result of the election was curious. The government gained a few seats, the Liberals and Peelites lost a few, so that, though Derby's ministry was still in a minority, it could only be turned out by a hostile vote of the Peelites. 'They held the balance of voting power, and 'yet no man could depend on them.'¹³ In the tangled political maze one thing was clear—that the verdict of the people had been given for free trade. Derby therefore threw over protection. The country, he said, had declared for free trade by a very large and undoubted majority.¹⁴ He and his colleagues bowed to its decision and were prepared honestly and frankly to carry it out. Great sufferings had been endured by the agricultural population, but there was now evidence of constant improvement. He thought the injurious effect of the free-trade system had been neutralized to some extent by the discovery of extensive gold mines, and by emigration on a large scale, which had combined to keep up the rate of wages.¹⁵

In the Commons, Disraeli, urged by Russell to speak out clearly and not leave things 'enveloped in the mist in which the Chancellor of the 'Exchequer, like the goddesses of old, loved to conceal himself,'¹⁶ stated that the government, while leaving the principle of unrestricted competition undisturbed, intended to 'place before the House a policy which would 'make our financial system more in harmony with our commercial system.'¹⁷ This was taken to mean that a readjustment of taxation was to reconcile agriculture to free trade.

But Disraeli's statement was insufficient for a critical and suspicious House of Commons which dreaded some dexterous anti-free trade scheme. Villiers therefore on 23 November moved an amendment to the Address which expressly stated that the Act of 1846 was 'a wise, just and beneficial 'measure.'¹⁸ Disraeli refused to swallow what he described as 'three odious epithets,' but was quite willing to move an amendment committing the government to adhere unreservedly to the principle of unrestricted competition.¹⁹ There was a strong feeling in the House that it was ungenerous 'to trample upon those who had fought manfully and had been 'defeated fairly.'²⁰ 'Political proselytes,' said Sidney Herbert, 'cannot be 'made with hard words and terms of humiliation.'²¹ Palmerston 'could 'not reconcile it with his feelings to call upon a set of English gentlemen to 'express opinions they did not entertain.' He therefore proposed an amendment by way of compromise which affirmed the benefits which had

¹² *Hansard* (3rd Ser.), cxxi, 34.

¹³ Buxton, *Finance and Politics*, i, 105.

¹⁴ *Hansard* (3rd Ser.), cxxiii, 43-55.

¹⁵ Among the other forces that came into play during the period were what Gladstone called the 'railway factor'—railways, telegraphs, steamships and postal facilities—and part of the expansion of commerce may be attributed to this (Buxton, *Finance and Politics*, ii, 136-7).

¹⁶ *Hansard* (3rd Ser.), cxxiii, 83.

¹⁹ *Ibid.* 381-411.

¹⁷ *Ibid.* 85-91.

²⁰ Gladstone, in *ibid.* 680-5.

¹⁸ *Ibid.* 351-81.

²¹ *Ibid.* 602-12.

followed free trade and expressed the opinion that this policy should be firmly maintained and prudently extended without plunging anew into the old controversy as to the merits of the Act of 1846.²²

By voting for the amendment,²³ and by agreeing to a similar resolution in the House of Lords,²⁴ Lord Derby's government allayed the prevalent anxiety as to its policy, if not its convictions, and the long controversy closed. 'Protection,' said Disraeli, a little afterwards, 'is not only dead, but 'damned.' Its resurrection will be the subject of a later chapter.

Disraeli introduced his scheme of financial readjustment on 8 December²⁵ in a speech which carried away the House, though his proposals 'dazzled 'only for a day.'²⁶ The general effect of his proposals would have been to compensate the agricultural interest to some extent for the loss of protection, to distinguish between fixed and fluctuating incomes, and to broaden the basis of taxation, making the working classes contribute, for the first time, to direct taxation. The merits and demerits of this very bold scheme and the details of the calculations founded on it need not be discussed, for Disraeli failed to carry it through the House.²⁷

Gladstone appeared on 6 December as the leader of a formidable opposition. After some damaging criticism by Goulburn, Wood and Graham²⁸ of a visionary and rash budget which imperilled direct taxation, tampered with the credit and tarnished the good faith of the country,²⁹ Disraeli defended his proposals. On 16 December he made a remarkable speech in which he displayed all his power of irony and invective, defending in detail, with admirable fighting courage, a budget which he knew to be doomed.³⁰ Gladstone's unexpected reply, another famous oratorical effort, followed,³¹ and the government were defeated by a majority of nineteen.³² Derby announced his resignation on 20 December in a speech complaining that he had been defeated by a 'factious combination.'³³ Disraeli took his leave of office more gracefully, his speech being sympathetically received.³⁴ It is curious to notice that many of the proposals of this 'ambitious and 'progressive budget' were afterwards adopted.

The ministry formed by the Earl of Aberdeen, which succeeded, was a coalition of Whigs and Peelites with a Peelite Prime Minister. Its chief claim to distinction is the budget of 1853, introduced by Gladstone, then Chancellor of the Exchequer. Finance had obtained 'a lively and 'commanding place in popular interest.' 'The battle between free trade 'and protection had awakened men to the enormous truth that budgets are

²² *Hansard* (3rd Ser.), cxxiii, 451-61.

²⁴ 6 Dec. 1852. *Ibid.* 922-69.

²³ 28 Nov. 1852. *Ibid.* 696-704.

²⁵ *Ibid.* 836-907.

²⁶ Morley, *Life of Gladstone*, i, 324. The excitement in Parliament was intense (*ibid.* 325 *et seq.*).

²⁷ *Hansard* (3rd Ser.), cxxiii, 981-7, 1232-8.

²⁸ *Ibid.* 992-3, 1292-1314, 1486-1508.

²⁹ *Ibid.* 1314.

³⁰ *Ibid.* 1629-66. Gladstone wrote: 'His speech as a whole was grand. I think the most powerful I ever heard from him' (Morley, *Life of Gladstone*, i, 326).

³¹ *Hansard* (3rd Ser.), cxxiii, 1666-80. For a contemporary description of the scene in the House see the *Times* articles, quoted Morley, *op. cit.* i, 327.

³² *Hansard* (3rd Ser.), cxxiii, 1693.

³³ *Ibid.* 1698-1705.

³⁴ *Ibid.* 1709-16.

'not merely affairs of arithmetic but in a thousand ways go to the root of the 'prosperity of individuals, the relations of classes, the strength of kingdoms.'³⁵ But since the defeat of Peel there had been no financial stability and no agreement even on the fundamental principles of taxation. From this confusion Gladstone rescued British finance. The principles he laid down have been maintained to the present day. His main principle—that of simplification of taxation, concentrating the whole weight of indirect taxation on a few articles, which like tea, beer, spirits and tobacco were burdened with very heavy duties—met with comparatively little criticism. Sir George Cornwall Lewis somewhat later asserted, following Arthur Young, that 'simplicity in taxation is the greatest additional weight that can be given 'to taxes. . . . A good system should bear lightly on an infinite number 'of points, heavily on none,'³⁶ and McCulloch was convinced that Gladstone's system was inconsistent with perfect freedom of trade. Trade was only free, he thought, when duties were moderate, pressed equally on all articles, and involved no preference.³⁷

On 8 April 1853 Gladstone introduced resolutions on the subject of the National Debt,³⁸ the object of which was to lay the foundation of a permanent form of irredeemable public debt, irredeemable at the option of the holders, bearing interest at $2\frac{1}{2}$ per cent. The scheme involved the creation of two new securities, one at $2\frac{1}{2}$ per cent., the other at $3\frac{1}{2}$ per cent., into which existing stock of different denominations might be converted. It met with little criticism, except on the point of the addition to capital indebtedness,³⁹ but Disraeli's objection that a great deal of ingenuity had been expended for a slight result—like the chapter in St. Thomas Aquinas discussing how many angels could dance at the same time on the point of a needle⁴⁰—was borne out by its results. Gladstone's plan had a bad reception in the City, where money was getting dearer, and proved a disastrous failure.⁴¹ Only £3,500,000 of new securities were created, and the government had to borrow money at a high rate of interest, to pay off at par a stock which stood at 87.⁴²

Gladstone introduced his first budget in a five hours' speech on 18 April.⁴³ He gave a review of the history of the income tax, a 'colossal 'engine of finance' . . . 'a fiscal reserve by the judicious employment 'of which, if necessity unhappily arose, England might again, if need be, 'defy the world.'⁴⁴ 'Sir Robert Peel in 1842 called forth from repose this 'giant, who had once shielded us in war, to come and assist our industrious 'toils in peace.' This second income tax had been the instrument of fiscal and commercial reforms in England which he hoped and expected to be the

³⁵ Morley, *op. cit.* i, 340.

³⁶ 13 Feb. 1857. *Hansard* (3rd Ser.), cxliv, 629–54. Sir George Cornwall Lewis was chancellor of the Exchequer 1855–8.

³⁷ Bernard Holland, *Fall of Protection*, i, 326–32. For an appreciation of the 1853 budget see Buxton, *Finance and Politics*, ii, chap. vi.

³⁸ *Hansard* (3rd Ser.), cxxv, 810–37.

³⁹ *Ibid.* 839.

⁴⁰ *Ibid.* 871.

⁴¹ Gladstone admitted his mistake later. 'I failed to see,' he said, 'that high-water mark was just past.'

⁴² Morley, *Life of Gladstone*, i, 382.

⁴³ *Hansard* (3rd Ser.), cxxv, 1350–1425.

⁴⁴ *Ibid.* 1362.

foundation of similar reforms throughout the civilized world. It ought not, however, from the inequality of its incidence, the inquisition it entailed, and the temptation it afforded to fraud, to be part of the permanent and ordinary finances of the country. He proposed to renew the tax for two years at 7*d.* in the pound, to reduce it to 6*d.* for the next two years, and to 5*d.* for the next three years, so that it would expire on 5 April 1860.⁴⁵ He agreed with the late Chancellor of the Exchequer in thinking that the tax should be extended to incomes of £100, which were to pay at the rate of 5*d.* throughout, and that Ireland should no longer be exempted from income tax.⁴⁶

Taking the view that intelligence and skill were unfairly burdened as compared with property,⁴⁷ he proposed to equalize matters to some extent by extending the payment of legacy duty—hitherto confined to personal property⁴⁸—to all successions whatever. He expected a permanent addition to the revenue of about £2,000,000 by the year 1856-7.⁴⁹ He proposed to add a shilling a gallon to the duty on Scotch spirits and 8*d.* a gallon to the duty on Irish spirits. The licences of brewers, of dealers in tea and coffee, tobacco and soap were to be increased. He anticipated from these changes a revenue of £1,344,000.⁵⁰ As to relief from taxation he proposed the abolition of the duty on soap at a cost of £1,111,000, the reduction of the taxes on life assurance from 2*s.* 6*d.* to 6*d.*, on receipts to 1*d.*, on indentures of apprenticeship from 20*s.* to 2*s.* 6*d.* The duty on newspaper advertisements was reduced from 1*s.* 6*d.* to 6*d.*,⁵¹ and by a later amendment extinguished. The assessed taxes were dealt with boldly, and reforms were introduced which made the assessment simpler and more uniform.⁵² Ireland was to be relieved of the consolidated annuities of £4,500,000⁵³ to make up for the income tax and the tax on spirits. He followed Disraeli in proposing that the duty on tea should be reduced gradually from 2*s.* 4½*d.* to 1*s.*,⁵⁴ but the reduction would proceed more rapidly than his predecessor had proposed and the duty would fall to 1*s.* by April 1856.

Another general revision of the tariff was to be undertaken. The duties on certain important articles of food—apples, cheese, cocoa, nuts, eggs, oranges, and lemons, butter and raisins—were to be lowered at a net loss estimated at £185,000. One hundred and twenty-three articles were to be set free from duty altogether at a loss of £53,000, and the duty on 133 more articles was

⁴⁵ *Hansard* (3rd Ser.), cxxv, 1387.

⁴⁶ He estimated Ireland's contribution at £460,000 a year.

⁴⁷ *Hansard* (3rd Ser.), cxxv, 1386.

⁴⁸ *Ibid.* 1398. Morley describes this as 'the first rudimentary breach in the ramparts of the territorial system' (*Life of Gladstone*, i, 343).

⁴⁹ The yield was very disappointing.

⁵⁰ *Hansard* (3rd Ser.), cxxv, 1401.

⁵¹ Milner-Gibson had urged this in previous sessions, e.g. *ibid.* cxxx, 983-1014, 1020; cxxxi, 593-9, 616-17.

⁵² Assessed taxes were those imposed on carriages, servants, armorial bearings and similar direct taxes. They were superseded by licences in 1867-9 (Steph. Dowell, *Hist. of Taxation*, iii, 160-1). For the details of the changes with respect to servants, private carriages, etc., see *Hansard* (3rd Ser.) cxxv, 1410.

⁵³ £3,000,000 of this sum was a debt 'entirely due to the Irish famine' (*ibid.* cxxv, 1403).

⁵⁴ *Ibid.* 1413.

to be reduced. The principle in the case of those manufactured articles on which a duty was retained was that the maximum duty was not to be higher than 10 per cent. *ad valorem*, with an exception in the case of manufactured silks, which were to pay 15 per cent. as before. The differential duty in favour of the produce of British colonies was given up altogether, by lowering the duty on the foreign article to the colonial level.⁵⁵ The 5 per cent. increase in all customs duties made in 1840 was also given up, which would dispose of a great complication in the collection of revenue. Wherever possible *ad valorem* duties were to be replaced by rated duties.⁵⁵ These changes would create a great simplification of the existing system. He hoped that, if increased consumption replaced remission of taxation as he expected, Parliament would in 1860 be in a position, if it thought fit, to part with the income tax.

These far-reaching financial changes led to prolonged debate, but were confirmed by Parliament without substantial alteration.⁵⁶ The extension of the income tax to Ireland was strongly resisted, many Irish members seeking to prove that, since the Act of Union, Ireland had been overtaxed.⁵⁷ But Gladstone disposed of this contention by his speech of 23 May,⁵⁸ in which he stated that the very lowest payment made, in one year, out of the British Exchequer to make up the deficiency of Irish debt and expenditure between 1817 and 1848 was £1,977,000. It usually varied between two and six millions. Before the Union, Ireland paid nearly £6,000,000 a year for the charges of her debt alone. Ireland would now pay less than that for the debt and the whole expense of government. Sergeant Murphy had already pointed out that Ireland had for years been enjoying the benefits of free trade without paying the income tax.⁵⁹ The Bill passed its second reading on 6 June.⁶⁰

The year 1854 opened ominously. The harvest had been poor; grain was scarce and dear.⁶¹ High food prices produced a falling demand for manufactured goods, which led to depression in the manufacturing districts, while the increased rate of interest hampered commerce generally. The strikes in Preston and Burnley for a 10 per cent. increase of wages, which had begun at the end of 1853, did not collapse until 1 May 1854, 15,000 or

⁵⁵ *Hansard* (3rd Ser.), cxxv, 1415. There were a few unimportant exceptions.

^{55a} The term 'rated duties' is that used by Gladstone, its equivalent is 'specific duties' used in distinction to *ad valorem* duties. Cf. Nicholson, *Principles of Political Economy*, iii, 350.

⁵⁶ *Ibid.* 6 June 1853, cxxvii, 1230. Several amendments on points of detail were introduced by Gladstone on 30 May (*ibid.* 805) and 2 June (*ibid.* 1057), and 6 June (*ibid.* 1230).

⁵⁷ E.g. speeches by Fagan, Maguire, Shea, Kelly, and Duffy. 5 May, *Hansard* (3rd Ser.), cxxvi, 475, 488, 702, 917, 1188. The levelling up of the Irish spirit duties and the extension of the income tax to Ireland have been described as a 'crushing load of new taxation' imposed on Ireland at a time of great distress (Bernard Holland, *Fall of Protection*, 322).

⁵⁸ *Hansard* (3rd Ser.), cxxvii, 515-24.

⁵⁹ 2 May 1853, *ibid.* cxxvi, 955-7.

⁶⁰ *Ibid.* cxxvii, 1230.

⁶¹ The average price of English wheat was 78s. 10d. per quarter in January and 82s. 4d. in February (*Ann. Reg.* 1854, Chronicle, 570). In January there were bread riots in Devon and Somerset (*ibid.* 9).

16,000 workmen being idle for thirty-seven weeks.⁶² Dorset farm labourers struck for higher wages, their average earnings being only 8s. 6d. a week. During the year there was also a considerable rise of wages affecting the police, government dockyard hands, private shipbuilding yards and seamen in the coasting trade.⁶³ Abroad the situation was threatening; the long period of peace was ending.

Gladstone's second budget, introduced on 6 March 1854,⁶⁴ was shadowed by the approaching Crimean war. Owing to military expenditure he had to provide for a deficit of £2,540,000. 'There were many and grave reasons,' he said, 'against charging these expenses upon posterity. No country 'had played so deeply at this dangerous game as England; no country 'had mortgaged the industry of future generations to so fearful an amount.'⁶⁵ The debt of England (£750,000,000) exceeded that of all other countries in the world put together. Many grievous burthens had to be kept upon the people because of the demands of the enormous, 'almost overpowering, 'maw of the debt.' He proposed therefore to double the income tax for the first half-year, that is to increase it by one-half on the whole year. This would make the whole revenue £56,656,000, leaving a small surplus of £467,000. He acknowledged that last year's scheme for dealing with the public debt had been abortive.

Disraeli, in denouncing a 'rash, hurried and fatal piece of legislation,' showed that the Chancellor had tried the hazardous experiment of reducing the interest on the debt when there was a raised bank rate, a rising rate of interest, an efflux of bullion, falling funds, over-speculation, and the menace of a bad harvest, and when in addition he had 'grim-visaged war before him in 'the vista of the coming year.'⁶⁶ Other critics denounced Gladstone's 'rash fiscal devices,' and the conversion scheme, 'inspired by the demon of speculation.'⁶⁷ Gladstone defended himself at length on 11 April,⁶⁸ showing that Consols stood higher in the midst of great expenditure and menacing prospects than they did in 1841 in the midst of years of peace.

The declaration of war by Great Britain and her allies, France and Sardinia, against Russia on 27 March, made it necessary to introduce another budget on 8 May,⁶⁹ the chief points of which were the doubling of the income tax, an increase in the spirit duty in Scotland and Ireland, an increase in the sugar duties⁷⁰ and in the malt tax⁷¹—a budget which Gladstone maintained to be a fair distribution of burdens among all classes of the community. He laid great stress on the impossibility of reconstructing the income tax, coming,

⁶² *Ann. Reg.* 1853, Hist. 210; 1854, Chronicle, 77.

⁶³ *Ibid.* 1854, Chronicle, 88.

⁶⁴ *Hansard* (3rd Ser.), cxxxi, 357-88.

⁶⁵ *Ibid.* 373.

⁶⁶ *Ibid.* 1124-61. There had been a fall of 1½ in the 3 per cents. since Derby left office. See also *ibid.* 408-21.

⁶⁷ *Ibid.* cxxxi, 1113-17, 1117-23; cxxxii, 81-96, 430-5.

⁶⁸ *Ibid.* cxxxii, 878-93. See also *ibid.* cxxxi, 1161-75.

⁶⁹ *Ibid.* cxxxii, 1413-79.

⁷⁰ The sugar duties were subjected to some modification in classification, the details of which were explained. They were adopted on 10 May (*ibid.* cxxxiii, 126).

⁷¹ The opposition to the increase of the malt tax was on the usual lines. See speeches by Cayley and Disraeli and Russell's reply (*ibid.* 326-34, 381-93).

like Pitt and Peel, to the conclusion that 'it was impossible to reconstruct 'the income tax so as to frame a measure which Parliament might in justice, 'or even in decency, pass into law.'⁷² His speech included another powerful and eloquent argument against any attempt to finance the war by loans.⁷³ After giving an historical review of Pitt's unfortunate war loan policy, 1792 to 1797, he showed that the burdens of the country had been reduced by forty years of peace, and urged the House to do what Pitt and the English had done in 1798, with a population only half of that at the present day, with imports one-quarter and exports one-third of those of the present day.

There was much criticism of Gladstone's policy of financing the war by the issue of Exchequer bonds repayable at a fixed date. Baring made a strong point of the fact that in spite of importations of gold from California and Australia the increase in the country's liabilities had produced an efflux of gold and a rising rate of interest. This should have warned the Chancellor not to try to reduce the rate of interest on Exchequer bills.⁷⁴ According to Disraeli,⁷⁵ the attempt to raise a loan by Exchequer bonds was a complete failure. It was a mystery to men of business to know how the Chancellor of the Exchequer could have managed to bring his enterprise of raising £6,000,000 at 4 per cent. to so ruinous a conclusion at a time of unexampled wealth. The Chancellor, not contenting himself with the bulls and bears who inhabited the wild desert the City of London, had brought down the 'stags' to help him, and obscure and penniless varlets had offered to subscribe for £5,000 of Exchequer bonds. Gladstone, in reply, contended that the bonds met opposition in the City because they were a novel form of stock,⁷⁶ but they were likely to be very useful and convenient to all parties, and he believed that they were appreciated among the capitalist classes.

By the beginning of 1855 the miserable state of the army in the Crimea, which, lacking food, clothes and shelter, was wasting away before Sebastopol, and the want of sufficient hospital accommodation and medical stores, which aggravated the miseries of the sick, had become known in England and public indignation was roused against a ministry which was thought to be negligent and incapable. Roebuck's motion for an inquiry into the whole administration of the war was set down for 25 January. Lord John Russell quailed before the storm and resigned.⁷⁷ The ministry, weakened by his withdrawal, was further discredited by the revelations of shameful mismanagement made in the debate on Roebuck's motion.⁷⁸ The lack of land transport,⁷⁹ which

⁷² *Hansard* (3rd Ser.), cxxxii, 1469.

⁷³ For a summary of Gladstone's views on tax and loan see Morley, *op. cit.* i, 385. He thought the loan policy gave an 'immense fictitious stimulus' to labour at the time, leaving an augmented amount of labour to compete with a diminished quantity of capital at the end of the war.

⁷⁴ 22 May. *Hansard* (3rd Ser.), cxxxiii, 671-92.

⁷⁵ *Ibid.* 732-52.

⁷⁶ *Ibid.* 752-75.

⁷⁷ *Ibid.* cxxxvi, 938, 943, 960-74. He himself admitted the 'melancholy condition' of the army (*ibid.* 961).

⁷⁸ 26 January. *Ibid.* 960-1063, 1066-1230.

⁷⁹ He showed that in one year 27,000 emigrants with their baggage had been transported to the Antipodes. There was no lack of ships.

prevented the supplies landed at Balaclava being taken up lines of communication only 7 miles long, had been the cause of untold misery. The troops were in many cases without even knapsacks, yet the government had failed to buy transport mules at Gallipoli and had delayed making a proper road to the camp.⁸⁰

Gladstone, defending the government,⁸¹ could say little more than that the state of the army was 'slightly improving.' Warm clothes were being issued and huts were being taken up to the camp. A military railway was to be built. The materials and operatives had reached the Crimea, and it was calculated that it could be built in three weeks. This railway, which proved of the greatest possible value in solving the transport difficulty, was the first ever constructed for purely military purposes.⁸² It was built as the result of an appeal to private enterprise.

Disraeli attacked the failures of a 'deplorable administration,'⁸³ and the House endorsed Roebuck's condemnation of the 'incapacity, ignorance 'and inefficiency' exhibited by the ministry. His motion for inquiry was carried against the government by a majority of a hundred and fifty-seven on 29 January 1855.⁸⁴

Aberdeen's resignation followed.⁸⁵ Derby attempted to form a ministry, but failed. Palmerston then became Prime Minister, most of his colleagues being former members of Aberdeen's ministry, Lord Panmure undertaking the difficult office of War Secretary, the offices of Secretary of State for War and Secretary-at-War being now amalgamated.

On 16 February 1855 Palmerston announced certain army reforms, including a special board to superintend the transport service.⁸⁶ Disraeli expressed the doubts of the House when he hoped that those who a fortnight before had been voted to be unparalleled blunderers might be now fortunately transformed into expert statesmen,⁸⁷ and Palmerston had to consent under strong pressure to the appointment of the Committee of Inquiry moved for by Roebuck.⁸⁸ His decision was followed by the resignation of Graham, Gladstone and Herbert, causing the second ministerial crisis within a fortnight.⁸⁹ Palmerston was able to reconstruct his government, the three outgoing ministers being succeeded by Sir G. Cornewall Lewis as Chancellor of the Exchequer, Lord John Russell as Secretary of State for the Colonies and Sir Charles Wood as First Lord of the Admiralty.

In the debates on the conduct of the war that followed considerable evidence was brought forward to show that the vast industrial resources of the country had been very scantily utilized. Laing, a railway director of

⁸⁰ Bulwer Lytton, 29 Jan. *Hansard* (3rd Ser.), cxxxvi, 1167-78.

⁸¹ *Ibid.* 1178-1206. Panmure admitted in the Lords that when the war broke out there was no land transport service attached to the army (*ibid.* cxxxviii, 486).

⁸² *Ibid.* cxxxviii, 510. Lord Derby on 14 May denied that the credit for this railway belonged to the civil government. It ought to have been built in October instead of April (*ibid.* 519-20).

⁸³ *Ibid.* cxxxvi, 1219.

⁸⁴ 29 Jan. *Ibid.* 1230.

⁸⁵ *Ibid.* 1234-8.

⁸⁶ 16 Feb. *Ibid.* 1421-31. Panmure made a similar statement in the House of Lords on 16 Feb. (*ibid.* 1402-13).

⁸⁷ *Ibid.* 1431-8.

⁸⁸ *Ibid.* 1439-41. ⁸⁹ 23 Feb. *Ibid.* 1743-55, 1762-72, 1820-46.

great experience, stated that many of the disasters had arisen from the lack of wharfrage at Balaclava and of a road or tramway to the camp, a job which any third or fourth-rate contractor in England would have easily executed if applied to at the proper time.⁹⁰ It was alleged that the enterprise of merchants and private individuals in making or offering to make munitions had been hampered by the muddles and delays caused by division of authority between the Admiralty and the Treasury and between the Secretary-at-War, the Commander-in-Chief, the Board of Ordnance and the Commissariat Department.⁹¹ The failure of the transport service was due, as Lindsay, one of the largest shipowners in the world, pointed out, not to lack of tonnage, but to mismanagement of the available tonnage. He stated that there were 350,000 tons of shipping, which if properly employed would suffice to convey the French as well as the British army and all their stores.⁹²

The attempt to cripple Russia's trade by blockading her coast was only half-hearted at first and therefore unsuccessful.⁹³ In an important debate on 20 February 1855 Collier, then member for Plymouth,⁹⁴ brought forward evidence to show that trade was still being carried on between Russia and England.⁹⁵ The blockade of the Black Sea ports, though announced, had not been established. Russian exports of tallow, hemp and linseed had been greater than ever,⁹⁶ and the amount of English money sent to Russia had only declined from £11,000,000 to £10,000,000. British merchants who, believing in the Black Sea blockade, had opened up markets in India and elsewhere, had suffered enormous loss, while Greek merchants, who disbelieved in the blockade and ignored it, had made enormous fortunes.⁹⁷ The naval blockade of the Baltic had been effectually established, but it had been evaded by land carriage, Russian tallow, flax and hemp being exported through Prussia and reaching this country at an increased cost of about £2,500,000, which fell on the consumer. There had been an agreement between Russia and Prussia for carrying on this trade, good roads and a railway being built to facilitate it. Collier argued that Prussia had been guilty of a breach of neutrality. By the rule laid down by Lord Stowell in 1756 a neutral was at liberty to carry on his accustomed trade in time of war but not to start a new trade to the detriment of either of the belligerents.

⁹⁰ Speeches by Laing, 16 Feb., 23 Feb. *Hansard* (3rd Ser.), cxxxvi, 1457, 1794. He was later, 1859-60, Financial Secretary to the Treasury.

⁹¹ For examples see *ibid.* 1014, 1066-75.

⁹² *Ibid.* 1893. The West Indian Mail Company had 17,000 tons of their shipping employed as transports, for which they were paid at the rate of £600,000 per annum. Dundas, a Junior Lord of the Admiralty, gave details of a number of transport scandals (*ibid.* 1897-9) and Lindsay in a later speech quoted some extraordinary examples of waste of tonnage (23 Mar., *ibid.* cxxxvii, 1016-27).

⁹³ *Ibid.* cxxxviii, 491-3.

⁹⁴ He was Counsel to the Admiralty in 1859 and later Attorney-General.

⁹⁵ *Hansard* (3rd Ser.), cxxxvi, 1659-73.

⁹⁶ 700,000 quarters of linseed had been exported from May to December 1854, as compared with 640,000 quarters and 445,000 quarters in 1853 and 1852.

⁹⁷ This point was supported by the evidence of Watson, member for Hull, as to the losses sustained by linseed merchants in trying to get supplies from India, Africa and Australia, only to find linseed from the Black Sea freely imported by Greek merchants (*Hansard* [3rd Ser.], cxxxvi, 1705-6).

He urged that the blockade should be made effectual by calling on Prussia to seal her frontier to Russian produce and by closing the Black Sea and the Baltic, and that the importation of Russian produce into England should be forbidden, a sworn certificate of origin being required. The Russian trade was of a peculiar character. It was in the hands of a few firms with a very large capital, as the trade had to be carried on by advancing money to the producers. English merchants in St. Petersburg and at home were prepared for this step, and substitutes for Russian produce could be found in other countries—India, Africa and Italy.⁹⁸ War could not be carried on effectively without sacrifice, and if this country were not prepared to sacrifice its trade with Russia, or 'to contemplate without agony and despair a rise in the price of tallow, it was rightly called a nation of shopkeepers, and they had better stay at home and give up hostilities.' Mitchell, a merchant trading with Russia, urged that the permission to trade with Russia, allowed to British merchants by a proclamation of 15 April, should be withdrawn,⁹⁹ and supplemented what had already been said as to the possibility of finding substitutes by showing that rape oil, linseed, palm, cocoanut and all kinds of oil had been largely substituted for tallow since the repeal of the soap duties.

Cardwell, then President of the Board of Trade, defended the policy of the government on the ground that at the outbreak of the war England, for political considerations, without waiving any of her former rights, had suspended part of them for the duration of the war, and had announced a maritime policy very lenient to neutral powers.¹⁰⁰ The blockade was not nearly as ineffective as had been represented. In the Baltic and White Sea time had been given to British merchants who had advanced their capital to bring their property home; in the Black Sea there had been remissness owing to legal difficulties and the employment of the navy in other work.¹ Even allowing for the trade through Prussia, the flax trade had diminished by 52 per cent., the hemp trade by 53 per cent. and the tallow trade by 62 per cent.² Russia, which had taken great pains to become a manufacturing country, found her imports of raw material, such as cotton, cut off by the blockade. If the blockade were made any stricter, or Russian produce were prohibited in Great Britain, English manufacturers would be cramped in obtaining raw materials. The proposed substitutes from other countries could not be obtained suddenly or at the old price, and the increased cost of the finished product would result in the transfer of some British manufactures, especially linen manufactures, to Germany. He warned the House against a 'fancied security' which would trifle with

⁹⁸ The editor of the *Economist* had shown that increasing quantities of palm and cocoanut oil were being substituted for Russian tallow (*Hansard* [3rd Ser.], cxxxvi, 1671). Indian hemp could be grown at prices to compete with Russian; flax could be obtained from Ireland and tallow from Australia (*ibid.*).

⁹⁹ *Ibid.* 1673-82.

¹⁰⁰ *Ibid.* 1682-98.

¹ See also Graham (*ibid.* 1707-10) on this point.

² These figures were challenged by Collier on the ground that they represented only part of the year's imports owing to the lengthened transit (*ibid.* 1712).

the position of English trade. Competition sprang up where least expected.³ Certificates of origin had always proved inefficacious, and the rule that raw materials partially manufactured in a country became the produce of that country would convert Russian flax combed in Prussia into Prussian flax and Russian tallow melted in Prussia into Prussian stearine. The revival of the right of search would embarrass us with friendly neutrals. Under the present system trade had kept up remarkably, export trade in 1854 being only 2 per cent. below that of 1853, the greatest year ever known, in spite of a European war, a crisis in America and a crisis in Australia.

The matter was debated later in the House of Lords,⁴ Albemarle protesting strongly against 'the farce of a sea blockade and a free transit 'of goods by land.'⁵ The government had supplied the enemy with the sinews of war. Prussia was in a state of quasi hostility, disregarding the law of this country by breaking the blockade. England took two-thirds of the whole of Russia's exports while Russia took scarcely one-eightieth part of the products of England, so that even treating the question in the miserable huckstering style which weighed Russian hides and tallow against English blood and sinew the balance would be favourable. He thought it would be easy, if Russian produce were prohibited, to distinguish Russian produce shipped from neutral ports by making a liberal allowance for the amount of each commodity normally produced by that neutral country and to refuse a certificate of origin beyond that amount.⁶

At the outbreak of the Crimean war the British government announced its adherence to the principle that the neutral flag covered enemy goods with the exception of contraband of war.⁷ On 3 July 1854 Phillimore, the author of an important work on international law, who was later a judge in the High Court of Admiralty, urged the restoration of the English principle that the goods of an enemy in the ship of a friend were lawful prize, since the capture of enemy property, wherever found, was a means of weakening the enemy and shortening the war. Molesworth argued elaborately for 'free ships, free goods' by references to treaties and international jurists, and urged that France and England, when engaging in a war as allies, had each given up one of its former claims,⁸ so that neutrals would now have no cause of complaint whatever against the belligerents.

Protests became stronger when it appeared that the Declaration of Paris annexed to the treaty of 1856 expressly surrendered a principle upon which Great Britain had acted from the beginning of her naval history.

Derby made a solemn protest against the introduction of an entirely

³ Ricardo pointed out later it was far easier to lose a market for British goods than to recover it again (*Hansard* [3rd Ser.], cxxxvi, 1701).

⁴ 27 April, 15 May 1855.

⁵ *Hansard* (3rd Ser.), cxxxvii, 1850-60; cxxxviii, 591-603.

⁶ *Ibid.* cxxxviii, 602. This was an anticipation of the 'rationing system' in force in 1916 but applied to exports instead of imports.

⁷ *Gazette*, 28 Mar. 1854.

⁸ France gave up her claim to confiscate the goods of a neutral found on an enemy ship.

new rule into the maritime code of England.⁹ England's maritime supremacy had been surrendered and given away without the knowledge or sanction of Parliament. Phillimore in the Commons protested that an immemorial and undoubted belligerent right of the Crown had been given away¹⁰ and the maritime rights of Great Britain sacrificed. The war with Russia showed how this concession had weakened our blockade, its whole commerce having been carried on with perfect impunity in Prussian ships. Neutrals should be allowed to trade with the enemy, but not for the enemy. The surrender of this belligerent right would materially lengthen wars.¹¹ The action of the government was defended by Grey and Cardwell.¹² The latter admitted that the right which had been surrendered had been up to the present 'undisputed and indisputable international law,'¹³ but the law had been in an objectionable state and Great Britain's strict enforcement of the maritime laws of war involved a great injury to neutrals. The surrender was a concession, but a concession to the principles of humanity and justice. England could not carry on the war twelve months on the principle that free ships did not make free goods without being involved in hostilities with many great neutral powers. The abolition of privateering by the same Declaration of Paris¹⁴ conferred a great advantage on Great Britain.

On 22 May the subject was fully debated in the Lords.¹⁵ Clarendon, then Foreign Minister, regarded it as a question not of law but of policy.¹⁶ America, now a great maritime power, which was considered the protector of all neutral states, would not submit to our exclusive law. Earl Grey said the right of search was intolerable to neutrals,¹⁷ and had led to the American war of 1812. Yet its practical value was slight; frauds on a most gigantic scale had been committed. The Earl of Carnarvon,¹⁸ who was later Colonial Secretary, quoted the words of a great statesman, that the co-existence of military war and commercial peace was self-contradictory, and said that Chatham, Pitt, Fox, Wellington and Peel had all opposed the policy that a neutral flag covers an enemy's goods. This country was not likely to derive any reciprocal advantages as a neutral power, for since 1688 there had scarcely been a great war in Europe in which England had not been engaged.

Derby quoted the words of Pitt, that 'the rights of the country had 'been meanly yielded to shameful usurpation.'¹⁹ In the case of a war with France what means would England have of opposing France except closing her up hermetically and stopping her commerce? 'Your new law permitting French goods to go with impunity on board neutral vessels comes into operation; you have no blockade; France gives up her whole commercial

⁹ 5 May 1856, *Hansard* (3rd Ser.), cxli, 2008-2013.

¹⁰ 6 May, *ibid.* cxlii, 20-31. His views were supported by Bentinck in an able speech (*ibid.* 67-71).

¹¹ The speech included a history of the development of the British doctrine. He quoted international jurists and treaties. See that with Portugal in 1842.

¹² *Hansard* (3rd Ser.), cxli, 2023-7.

¹³ *Ibid.* cxlii, 71-7.

¹⁴ This was not recognised by the United States.

¹⁵ *Hansard* (3rd Ser.), cxlii, 481-547.

¹⁶ *Ibid.* 488-501.

¹⁷ *Ibid.* 540-6.

¹⁸ *Ibid.* 501-6.

¹⁹ *Ibid.* 521-40.

marine ; she makes her vessels into vessels of war ; she has seamen to man them ; and before your very face she carries on her whole commerce under the Prussian or American flag. You are powerless. Your right arm is cut off.' The government defeated Derby on this question,²⁰ but the present war has shown the force of his contentions.²¹

The Crimean war showed conclusively England's strong financial position.²² At the beginning of 1856 'the condition of the trade and commerce of the nation demonstrated that war and financial confusion were 'by no means inseparably connected,'²³ and the Queen's Speech declared with satisfaction that the resources of the Empire remained unimpaired.²⁴ The prosperous condition of the country was proved by figures given by the Chancellor of the Exchequer on 22 February 1856, and in the following year he stated that trade and industry had taken a spring immediately on removal of the pressure of the war.²⁵ Exports, which stood at £98,933,000 in 1853 and fell to £95,688,000 in 1855, a year of war, rose to £115,890,000 in 1856.²⁶ The imports of raw cotton had risen from 746,709,000 lb. in 1853 to 877,814,000 lb. in 1856. The general result was that British exports had doubled in value since 1849, and this period of peace was begun with exports three times greater than they were in 1816. The imports of grain from Russia, altogether suspended in 1855, reached the amount of 1,208,000 quarters in 1856, being 14 per cent. of the whole of our imports of grain. This showed 'the rapidity with which a suspended branch of trade was 'restored on the return of peace.' Shipping showed a considerable increase over that for any preceding year, and the total increase since 1853 would comfort gentlemen who anticipated the ruin of the shipping of the country by the alteration in the Navigation Laws.²⁷ Again, the tonnage taken up by the government during the war—not less than 100,000 tons—had fallen back into the ordinary channels of trade without causing any perceptible embarrassment to the shipping interest. The demand for labour had not been diminished even by the disbanding of troops and seamen, the number of emigrants having fallen from 368,764 to 176,554 in 1856.

The discovery of gold in California in 1848 and in Australia in 1851 undoubtedly exercised a considerable influence on trade. The production of the precious metal consequent on these discoveries grew until in 1860–5 it showed an increase of 900 per cent.²⁸ It was a matter of dispute among the economists of the day what would be the effect of this huge output.

²⁰ *Hansard* (3rd Ser.), cxlii, 547.

²¹ This portion of the Declaration of Paris has been repudiated by the British Order in Council of 11 Mar. 1915, which authorizes the bringing into a British port of enemy merchandise in neutral ships, the discharge of that merchandise in a British port, and its submission to the custody and judgement of the Prize Court. At the same time the great extension of the list of goods deemed contraband of war has increased the pressure of the blockade system.

²² See speech by Aberdeen, 1 Feb. 1855 (*Hansard* [3rd Ser.], cxxxvi, 1236), also *ibid.* cxxxvi, 1682–98 ; cxxxvii, 1574.

²³ *Ann. Reg.* 1856, History, 2.

²⁴ *Hansard* (3rd Ser.), cxl, 4.

²⁵ 13 Feb. 1857. *Ibid.* cxliv, 629–64.

²⁶ The figures for exports of textile goods and metal goods were of the same character (*ibid.* 636).

²⁷ For the figures see *ibid.* 638.

²⁸ *Price, Money and its Relations to Prices*, 142.

Chevalier and Cobden thought that it would result in 'innumerable shocks 'and sufferings,' and 'would tend to derange and convulse the relations of 'capital and labour.'²⁹ Jevons, writing somewhat later, expressed an opposite view, which has since been generally accepted, 'that the alteration of the value of gold must, especially for the future, be most gradual and gentle in its effect,'³⁰ and 'that putting out of sight individual cases of hardship, if such exist, a fall in the value of gold must have, and, as I should say, has already, a most powerfully beneficial effect. It loosens the country, as nothing else could, from its old bonds of debt and habit. It throws increased rewards before all who are making and acquiring wealth, somewhat at the expense of those who are enjoying acquired wealth. It excites the active and skilful classes of the community to new exertions, and is, to some extent, like a discharge from his debts is to the bankrupt long struggling against his burdens. All this is effected without a breach of national good faith, which nothing could compensate.'³¹

The budget of 1857, which proposed that the income tax should be continued for three years at the reduced rate of 7*d.* in the pound,³² was attacked by both Disraeli and Gladstone on the ground that it broke through the 'compact' made with Parliament by Gladstone in 1853 that the income tax should cease in 1860. Urging 'wise not wild reduction,' Disraeli thought the expenditure of 1857-8 should be reduced to the pre-war level.³³ Gladstone made an angry and excited speech³⁴ against a budget based upon excessive expenditure,³⁵ and showed that £6,000,000 had been added to the regular expenditure of the country—quite apart from the war—in four years.³⁶ The Chancellor's adoption of the 'terrible heresy' of Arthur Young about a broader basis of taxation roused Gladstone's wrath. The Chancellor, under this cross-fire, had little difficulty in showing that the 'compact' alleged by his opponents was made on the assumption of peace.³⁷

Lord Derby thought the increase of expenditure was due to the foreign policy of the government,³⁸ the policy of meddling in the internal concerns of other countries and the 'tone of menace and braggadocio' which alienated foreign countries and forced England to keep up large war establishments in time of peace.

The discussions on the Chinese war of 1857 gave a vivid picture of British trade in the East. While the East India Company held the monopoly of the trade with China, the regulation was in the hands of a committee of the company's supercargoes. After the abolition of the monopoly the authority of a commissioner sent out to represent the British government was not recognized by the Chinese, and hence there was no control over the British subjects at Canton. As a consequence the illicit traffic in opium

²⁹ Jevons, *Investigations in Currency and Finance* (1909), 74.

³⁰ *Ibid.*

³¹ *Ibid.* 91.

³² *Hansard* (3rd Ser.), cxliv, 660.

³³ In a later speech he said he thought the education vote was getting too large, and that the number of judges might be reduced.

³⁴ *Hansard* (3rd Ser.), cxliv, 971-85. He was strongly supported by Sir Charles Wood (*ibid.* 1131-46).

³⁵ 16 Mar. *Ibid.* 2311-43.

³⁶ 20 Feb. *Ibid.* 948-71.

³⁷ *Ibid.* 1134, 1146.

³⁸ *Ibid.* 985-1018.

rapidly increased, and the steps taken by the Chinese to suppress it in 1839 led to the war with China. Under the treaty of Nankin in 1842 Hong Kong was ceded to the British Crown and five other ports were freed to British merchants. By this treaty the trade of the most densely populated country in the world was opened up,³⁹ the most valuable branch of which was the opium traffic. This trade was strenuously denounced by Lord Ashley and other members of Parliament,⁴⁰ who contended that it was carried on under the support of the government. The finances of India, however, as Peel declared, were in no condition to sacrifice a revenue of £1,200,000, and Lord Ashley had to withdraw a motion⁴¹ he had put down on the subject. Another Chinese war broke out, terminating in the treaty of 1848.

In 1849 the British Governor of Hong Kong had issued a proclamation forbidding British subjects to enter Canton, but his successor, Sir John Bowring, took another line. According to the ex-Lord Chancellor, Lyndhurst, the war that followed was due to Bowring's 'monomania' about securing an entrance for English traders within the walls of Canton. 'It was the mischievous policy of a most mischievous man dressed in a little 'brief authority.'⁴² Cobden condemned the vast pretensions of British merchants. He said they demanded concessions from China with selfish violence. There was too much protection to British merchants abroad.⁴³ Owing to their inability to speak foreign languages and to their 'haughty 'and inflexible demeanour,' British merchants in the Mediterranean and the Levant were being ousted by Greeks, Swiss and Germans. It was not to their benefit to have the overwhelming force of the navy at their beck and call. There were good grounds for not persevering in the demand for free access to Canton, the Cantonese being turbulent and insubordinate and hostile to Englishmen. It was an object not worth fighting for, for on the whole there was not a great empire in the world where trade was so free as in China.

The war of 1857 was denounced by Gladstone on moral grounds.⁴⁴ Great Britain had broken her treaty obligations to China by encouraging the contraband trade in opium and organizing a fleet of coasters under the British flag. Hong Kong, which had been given to Great Britain as a port in which British ships might careen and refit, was used as the base of 'a pernicious, 'demoralizing and destructive trade.' Bulwer Lytton eloquently deprecated a violent policy.⁴⁵ Trade, he said, recoiled from unnecessary bloodshed.

The danger to British colonies caused by a weak policy towards China was enlarged upon by Walter Buchanan.⁴⁶ Chinese emigrants, connected with their country by secret societies, were spread all over the Indian Archipelago. The empire of Britain throughout Asia derived its stability from opinion; a vacillating and uncertain policy would be fatal. Palmerston

³⁹ *Haneard* (3rd Ser.), lxxvii, 1077-80; lxxii, 263-8.

⁴⁰ *Ibid.* lxxviii, 362-406.

⁴¹ *Ibid.* 469.

⁴² *Ibid.* cxliv, 1212-20.

⁴⁶ In a later debate, 7 May 1857, *ibid.* cxlv, 54-9.

⁴³ *Ibid.* 1391-1421.

⁴⁴ *Ibid.* 1787-1809.

⁴⁵ *Ibid.* 1434-46.

took a very strong line.⁴⁷ The case of the 'Arrow' was a deliberate attempt to wrest from Great Britain her treaty rights. The treaty stipulated that British vessels should not be boarded without a previous application to the British Consul. The statement that the people of Canton were savagely hostile to British merchants was a 'flagitious falsehood' to deprive us of our treaty rights. The first duty of the government was to protect British subjects in China.

The debate ended in the defeat of the government by sixteen votes,⁴⁸ followed by the dissolution of Parliament⁴⁹ and a general election which gave Palmerston an increased majority in the House. Nearly all the Manchester politicians lost their seats.

Evidence that war taxation had not diminished prosperity appeared in the debate on the Address.⁵⁰ The Earl of Cork spoke of the prosperity of the people shown by the increase in the consumption of 'those articles which 'were only enjoyed by the lower classes when labour was abundant and wages 'were in proportion.' Ireland was in a state of rapid transition 'from the 'depths of misery and degradation to prosperity hitherto unexampled in her 'annals.'⁵¹

In the Commons Sir John Ramsden gave a similar account of the state of the Kingdom, of the prosperity of agriculture and the steady employment at good wages of the manufacturing population, trade growing with a rapidity beyond all precedent, and compared its condition with that of the other powers who had been engaged in the war, whose strength was exhausted and finances disorganized.⁵²

The increased naval and military expenditure was criticized by Gladstone. 'I repel the doctrine,' he said, 'that because you are founding a vast Colonial Empire you must have a vast force to defend it. . . . It is plain that the progress of free institutions must and ought to carry with it the obligation to discharge the burdens which are part of the very title to and inheritance of freedom.'⁵³

This hint was not received with much favour. On the general question of military expenditure Palmerston crystallized the opinion of the House in a phrase, 'Depend upon it, for a country that is great and rich to leave itself 'without the means of defence is not the way to preserve peace in the long 'run.'⁵⁴ Russell's view was different, and it has some importance because it expressed a policy which prevailed throughout the remainder of the Victorian period. 'We have been accustomed,' he said, 'to keep up low establishments in time of peace, and though there has been always a complaint in the first year of war that we have been very unprepared, somehow or other, after a time, we have generally found ourselves strong enough to meet our enemy.'⁵⁵ A later passage of his speech showed that the 'muddling through'

⁴⁷ *Hansard* (3rd Ser.), cxliv, 1809-34.

⁴⁸ *Ibid.* 1846. For later debates see *ibid.* cxliv, 2196-203, 2207-9; cxlv, 38-44.

⁴⁹ *Ibid.* cxliv, 1885-6, 1894-7.

⁵⁰ *Ibid.* 6-13. See also the Queen's Speech (*ibid.* 5).

⁵¹ He gave figures as to the diminution of poor relief (*ibid.* 13).

⁵² *Ibid.* 93.

⁵³ *Ibid.* 151.

⁵⁴ *Ibid.* 172.

⁵⁵ *Ibid.* 185.

policy had a defensible economic basis. France, he said, had been maintaining an immense army and a considerable navy, and every year increasing her debt. England with her small military establishments had secured a surplus revenue, reduced taxation enabling her population to grow rich, and had seen in the Crimean war what that wealth was able to effect. When Russia was exhausted and the finances of France so weakened that her war spirit began to fail, England was so prosperous that she could have continued the war for ten years if necessary.⁵⁶

On 20 February 1858 Palmerston was defeated on the Conspiracy to Murder Bill, which the House condemned as due to the interference of the Emperor Napoleon. On his resignation Lord Derby formed his second government. The financial prospects of the country in 1858 were admitted to be 'somewhat less favourable than usual.' The commercial crisis of the previous autumn,⁵⁷ the increased naval estimates and the reduction of the rate of income tax, with the necessity for the repayment of Exchequer bonds and the war sinking fund, combined to make Disraeli's task as Chancellor of the Exchequer a difficult one.

Introducing his budget on 19 April ⁵⁸ he gave an interesting account of the effect of the commercial crisis on trade and the revenue. Both had fallen off to a serious extent, though since the beginning of the new year there had been a striking recovery ⁵⁹ and a considerable restoration of commercial confidence. 'The rate of interest is very low ; capital is abundant, money is cheap, 'and the price of the principal necessities of life and of the chief articles of 'consumption is much lower than it was last year or the preceding year. . . .'⁶⁰ Bread was between 40 and 50 per cent. lower and sugar, which was scarce and dear in 1857, had fallen about 10s. per cwt. He estimated the expenditure at £67,110,000 and the revenue at £63,120,000, leaving a deficit of £3,990,000.⁶¹

Disraeli showed himself a devoted adherent of Gladstone's 1853 budget policy of providing for the cessation of income tax in 1860. The income tax, he argued, ought not to be maintained in time of peace. It was of vast importance that there should be a source of revenue in reserve which at any moment of great emergency would yield 20 or 25 millions sterling. Its reduction was to be continued, it was to fall by another 1d. this year, and with a fair revival of trade in this country he hoped that by the year 1860—'the pivot of modern finance'—there would be a surplus revenue which would enable the Treasury to remit the income tax. He proposed to obtain £500,000 by raising the tax on Irish spirits to the level of the tax on English and Scotch spirits,⁶² and by placing a tax on bankers' cheques which would, he anticipated, produce £300,000. He thought taxation by penny stamps was rather popular. 'People like to see vast results accomplished by 'slight means.' This last proposal, which attracted little notice at the

⁵⁶ *Hansard* (3rd Ser.), cxliv, 186.

⁵⁷ See below, p. 203.

⁵⁸ *Hansard* (3rd Ser.), cxlix, 1267.

⁵⁹ For figures see *ibid.* 1268.

⁶⁰ *Ibid.* 1269, 1273.

⁶¹ *Ibid.* 1276.

⁶² He hoped his Irish friends who pressed for equality would repudiate the differential duty on spirits with a feeling of indignant humiliation (*ibid.* 1290).

time,⁶³ has produced yearly an increasing revenue, which is a proof of the vast growth of what has practically become a secondary currency. The budget was favourably received and Gladstone lent his powerful financial authority to its support.⁶⁴

On 21 June 1858 Milner-Gibson proposed a resolution, as in several previous sessions,⁶⁵ pressing for the removal of the excise duty on paper,⁶⁶ on the ground that it was a most pernicious tax upon knowledge. After giving details of the decline of the paper trade in England, he said that the remission of the paper duty—about £1,000,000 a year—would do more good than an additional million voted for education. Gladstone, in an earlier debate, had argued that the state of the book market in England was a scandal to the country. The demand for books was narrower and their price higher than in any other country.⁶⁷ Disraeli acknowledged the claims of the paper trade, but could not pledge himself to repeal the tax at present.⁶⁸

In the debate on the Address, 3 February 1859, after some reference to the distress of the shipping interest,⁶⁹ which he thought to be only temporary, Lord Derby stated that the condition of the country at large was one of advancing prosperity.⁷⁰ Poverty and crime were decreasing, the amount of pauperism in all the Poor Law districts being below the amount in 1857 and 1858, and the deposits in the savings banks were increasing.

Derby's government was beaten on its Reform Bill by thirty-nine votes on 31 March 1859.⁷¹ The Queen agreed to dissolve Parliament,⁷² and a general election followed. A vote of want of confidence in the government was carried by a majority of thirteen votes in the new Parliament on 10 June⁷³ and Lord Derby resigned office.⁷⁴

In the twenty years previous to 1859 there was a series of financial and industrial crises the two most important of which occurred in 1847 and 1857. As these crises have much in common both as to cause and effect, it will be well to consider them together although out of their strict chronological order. Opinions differed as to the causes of the financial crisis of 1847. The account of it given by the Chancellor of the Exchequer⁷⁵ and the Prime Minister was that in the summer of 1846 a drain of available capital began, due to the large importations of foreign corn, necessitated by the failure of the harvest and the Irish famine,⁷⁶ and to the increased demand for railway capital, and that this drain acted upon 'an unexampled extension of credit' for which the capital employed was inadequate. The drain of floating capital had made trade unsound, and the houses which were

⁶³ Glyn and other bankers of course objected (*Hansard* [3rd Ser.], cxlix, 1308-9) and the Stock Exchange petitioned against it (*ibid.* 2171-7).

⁶⁴ 19 April, *ibid.* 1312-16; 3 May, *ibid.* 2133-41.

⁶⁵ *Ibid.* cxx, 983-1014; cxxxi, 587-617.

⁶⁶ *Ibid.* cxxi, 593-9. See also Bright, in *ibid.* cli, 128-31.

⁶⁷ See speech by Lord Ravensworth (*ibid.* clii, 16-24).

⁶⁸ *Ibid.* clii, 1257. ⁶⁹ *Ibid.* 1306, 1898. ⁷⁰ *Ibid.* clii, 416. ⁷¹ *Ibid.* 423-31.

⁷² 30 Nov. to 2 Dec., *ibid.* xcv, 374-413, 628-43.

⁷³ The cost of corn from June 1846 to Jan. 1847 was £5,139,000, from Jan. to July it was £14,184,000, from July to Oct. it was £14,240,000—a rapidly increasing ratio (*ibid.* xcv, 389). During the last 15 months over £80,000,000 had been absorbed by the railways.

trading on an unsound basis became insolvent. Large imports of food and decreased exports of manufactures continued the steady drain of gold, and up to January 1847 no step had been taken to check it. Wood, Russell and Peel⁷⁷ were all of the opinion that the Bank of England had shown a want of caution in not beginning at an earlier date to raise its rate of discount.⁷⁸ It raised its rate in April to 5 per cent., after alarm had been given by the publication of the Bank accounts, which showed how its gold reserve was falling.⁷⁹ The public mind, already uneasy, was still further disturbed by the raising of the Bank rate to 5½ per cent. on 5 August, followed by the failure of Messrs. Leslie & Alexander and of other great houses engaged in the corn trade.⁸⁰

All through September other failures followed 'in rapid and melancholy 'succession.' There was a heavy demand on the Bank for advances, and on 2 October the Bank announced that it was unable to make any further advances and that those already made must be repaid before the payment of dividends became due. The result was 'the greatest dismay, excitement 'and alarm in the city.' The failures of banks continued, and the Scotch banks made demands on the Bank of England for assistance—a fearful aggravation of danger. The government, in conference with the Bank, decided that the crisis was being aggravated by the deficiency of the circulation, which, though adequate in normal times, was restricted by the hoarding of gold and notes due to the panic.⁸¹ On 25 October therefore the Prime Minister wrote a letter to the Bank recommending them to issue notes beyond the limit of bullion and securities laid down by the Bank Act of 1844, at the same time promising, if necessary, a bill of indemnity. He further suggested that the Bank rate should be raised to 8 per cent., in order to attract gold from abroad. The effect of this was instantaneous. The panic was allayed without the Bank having to issue notes beyond the legal limit. Hoarding ceased and activity was restored to the circulation. When Parliament, summoned for the purpose, met in November to consider the causes of the crisis, the money market was much easier and things looked better in every way, and the Bank rate was soon afterwards reduced to 6 per cent.

During the long debates that took place after the meeting of Parliament many other explanations of the crisis were put forward. Lord George Bentinck and the protectionists blamed the repeal of the Corn Laws and the free trade system, which caused a large excess of imports over exports.⁸²

⁷⁷ *Hansard* (3rd Ser.), xcv, 650-72.

⁷⁸ *Ibid.* 383. The rate was 2½ per cent. in 1845, 3 per cent. in 1846, 4 per cent. in Jan. 1847.

⁷⁹ Francis Baring showed that the existence of a large gold reserve had enabled the Bank legally to extend its issue of notes long after there had been signs of warning. This difficulty had not been anticipated (*ibid.* 615-16).

⁸⁰ Their failure was partly due to a drop in the price of corn to 48s. in Sept. It had been 102s. in May.

⁸¹ *Hansard* (3rd Ser.), xcv, 399. Panic, said Russell, baffled all ordinary calculation, and hoarding against some imaginary or contingent danger aggravated the crisis by limiting the circulation (*ibid.* 378-9).

⁸² *E.g.* *Hansard* (3rd Ser.), xcv, 159-77.

Wilson⁸³ and Herries⁸⁴ said that it was all due to the Act of 1844, which confused circulation with capital and currency with bullion.⁸⁵ Peel ascribed the crisis to over-trading and over-speculation on a small capital aided by a very low rate of interest.⁸⁶ Molesworth and others urged that all expenditure on railways should be stopped, in order to diminish the demand for capital. The railway mania undoubtedly had a large share in the crisis. The outlay on railway schemes had increased from a million in 1841 to twenty-nine millions in 1846 and the rise in the value of railway shares during the first few months of 1845 was as much as 74 per cent.⁸⁷

The Crimean War led to another drain of gold and some outcry against the Bank Act, on the ground that gold was being taken out of the country, and that the circulation would be crippled if it were limited to the amount of metal that happened to be in the Bank of England.⁸⁸ The Bank Act was subjected to another strain in 1857, a commercial crisis occurring in October and November of that year, owing to the failure of many American banks and firms of high standing combined with a drain of bullion to India and China. The crisis followed a course similar to that of 1847.⁸⁹ By November the gold reserve had fallen to £7,000,000, and the Bank had issued nearly all the notes it was entitled to issue under the restrictions of the Act of 1844, while the demand for accommodation still continued. Faced with the prospect of a failure of credit which would have brought about an appalling commercial disaster, the government (12 November) authorized the Bank to break the law and to issue notes to the amount of £2,000,000 in excess of the statutory limit at a rate not less than the existing rate of 10 per cent.⁹⁰ The suspension of the Bank Act had the same effect as it had had in 1847. The panic subsided, gold began to return from Scotland and Ireland, Consols, which had fallen to 86½, rose, and though there were more failures involving very heavy losses,⁹¹ and an almost total stoppage of the Baltic trade, public confidence was gradually restored and by 1 December the over-issue of notes to the public, which had only amounted to about £1,000,000, had been returned. Parliament met on 3 December to pass an Act indemnifying the Directors of the Bank of England.⁹²

The Chancellor of the Exchequer showed that the crisis had arisen out of the failure of the American trade, aided by the disturbance of Indian trade and speculation on the Continent.⁹³ The failure of the British banks was not due to their issue of notes, but to the magnitude of their other liabilities. He was supported by Disraeli, who agreed that the late con-

⁸³ *Hansard* (3rd Ser.), xciv, 414-36.

⁸⁵ See also Urquhart in *ibid.* 531-46.

⁸⁴ *Ibid.* 618-28.

⁸⁶ *Ibid.* 650-72.

⁸⁷ Leone Levi, *Hist. of Brit. Commerce*, 306; Palgrave, *Dict. of Pol. Econ.* i, 459. For the development of railway schemes see p. 206 *seq.*

⁸⁸ *Hansard* (3rd Ser.), cxxxi, 1094-1101, 1104-6, 1108. This limitation was said to hamper trade by making money unnecessarily dear (*ibid.* cxliv, 285-9).

⁸⁹ *Ibid.* cxlviii, 86-145.

⁹⁰ *Ibid.* and Chancellor of Exchequer, 4 Dec. *Ibid.* cxlviii, 145-70.

⁹¹ The *Annual Register* estimated the losses by the failure of banks at £24,000,000 and of private firms at £14,000,000 (*Ann. Reg.* 1857, Chronicle, 220).

⁹² *Hansard* (3rd Ser.), cxlviii, 1.

⁹³ 4 Dec. *Ibid.* 145-70.

vulsion was not a currency question. The causes of it could not be ascertained, he said, by 'a mere wrangle about the circulation of bank notes.'⁹⁴ It was not confined to Great Britain, but involved Germany, Austria, Prussia, Denmark and Sweden as well as the United States. The disturbance of capital and credit throughout the world was in his opinion due to the recent discovery of precious metals. Since 1848 £180,000,000 of gold had been brought into the market. Enormous speculations in shares and companies followed. Credit received an unnatural impetus, and from 1852 onwards over-trading, speculation and reckless investment went on throughout the world. In addition there had been a European war, three bad harvests in France and the failure of the silk trade. For the last three years every autumn had seen the country on the eve of a great crash, hitherto stayed off by the arrival of the 'golden galleons from Australia and rich Californian 'argosies.' He raised a new point by arguing that the Act of 1844 had been so framed that it forced the Bank to aggravate distress and distrust by applying to the domestic drain of bullion caused by panic the same treatment applied to the foreign drain, caused by unfavourable exchanges, though it should have been exactly opposite. At the moment when the foreign drain began the Bank increased alarm by paralysing the circulation. He quoted from a 'document of desolation' to show that eighty-five firms with liabilities of £42,000,000 fell before the government wrote its letter to the Bank, and he thought the decision as to the right moment to suspend the Bank Act too vast a power to be left to the discretion of ministers.⁹⁵

Among other reasons put forward to account for the crisis were unfair pressure on the Bank by large capitalists⁹⁶ and the large interest allowed on deposits, which promoted over-trading.⁹⁷ Gladstone thought the Act of 1844 should be altered in many directions, since its force as a check upon domestic over-trading had been shattered by the issue of notes contrary to the law.⁹⁸ The contradictory views put forward strengthened the position of the Chancellor of the Exchequer in maintaining that the whole question be referred to a committee of inquiry and refusing to allow the Bank a discretionary power to relax the Act.⁹⁹

As has already been stated, the development of railway schemes was to some extent responsible for the crisis of 1847. The years 1840-50 had been an important period in the history of railway construction, and the Railway Act, carried through the House by Gladstone in 1844, marked an epoch. By 1844 most of the great railway undertakings projected in the previous five or six years had been completed,¹⁰⁰ about 2,000 miles of railroad having then been opened.¹ Speculation had diminished, but a revival of activity was imminent—sixty-six applications for railway Bills

⁹⁴ *Hansard* (3rd Ser.), cxlviii, 214-225, 604-32.

⁹⁵ *Ibid.* 626.

⁹⁶ *E.g.* Newdegate in *Hansard* (3rd Ser.), cxlviii, 298-300; Willoughby, *ibid.* 431-4.

⁹⁷ *Ibid.* 580-604. See also speeches by Kirk and Phillips (*ibid.* 303-6, 296-7).

⁹⁸ *Ibid.* cxlviii, 644-54.

⁹⁹ *Ibid.* 446.

¹⁰⁰ *Ibid.* lxxii, 232-56.

¹ Graham gave the figures as 2,355 miles, constructed at a cost of £66,700,000. In 1844 728 miles were added at a cost of £10,304,000 (*ibid.* lxxx, 911).

involving the construction of 800 or 900 miles of railway were to be presented. Gladstone thought the tendency of railway companies 'to unite 'together in one great mass' required the attention of Parliament. Arrangement between the rival companies was easy, and to allow the construction of a number of competing lines might turn out to be 'a mere multiplication 'of monopoly.'² He thought the treatment of third-class passengers deserved attention. It 'should be considered whether they ought not to be covered 'and protected from the inclemency of the weather.' The interests of third-class passengers were supported by Labouchere, who urged that third-class fares should be reduced to the continental level.³ Roebuck gave instances of the bad treatment of third-class passengers. They were only allowed to travel by very slow trains—on the Great Western only by night trains, he believed⁴—standing all the way, no shelter or accommodation being provided for them at railway stations. Passengers had to pay for the monstrously extravagant cost of construction, £60,000 having been spent on one mile of road.⁵

Peel showed himself suspicious of the power of the railways. He thought Parliament might repent of the 'indiscretion and levity' with which it had granted monopolies to existing railway companies.⁶ He seems to have hoped that existing railways might find a competitor in the 'Atmospheric Pressure System,' which was then being experimented with, and which promised cheap and rapid travelling.⁷

Gladstone's Bill gave the Board of Trade control over all railways which should thereafter come to Parliament for powers either of initiation or development.⁸ Parliament was to have the right to inspect railway accounts, to interfere to reduce charges if railway profits rose above 10 per cent., and to purchase railways hereafter to be constructed if it was desired to do so.⁹ Third-class passengers were to be carried at the rate of a penny per mile, proper provision being made for their comfort. The railway companies violently opposed the Bill. There were indignant meetings of railway proprietors; Gladstone was interviewed by deputations representing £50,000,000 of railway capital, and Parliamentary opposition was redoubled. Peel stood firm—the railway companies were going too far; 'their monopoly 'might be very great, but he would advise them to husband their strength.'¹⁰ As Gladstone put it, 'The railways had gone among individual traders very much like a triton among the minnows, and the effect had been in many cases highly inconvenient to them. . . .'¹¹ He would be no party to truckling

² *Hansard* (3rd Ser.), lxxii, 237.

³ *Ibid.* 239-41.

⁴ Mr. Charles Russell denied this. There was a day train leaving London at 4.30 a.m., and reaching Exeter at 9 p.m.; there was no other way in which they could travel so rapidly (*ibid.* 244-5).

⁵ See also a speech by Wallace in *Hansard* (3rd Ser.), lxxii, 246-9; lxxvi, 647-50.

⁶ *Ibid.* lxxii, 249-52.

⁷ A Committee of Inquiry into the system was appointed in 1845 (*ibid.* lxxviii, 938-45).

⁸ *Ibid.* lxxvi, 465-530, 626-79. See also *ibid.* lxxiii, 516-30.

⁹ It was under this clause that the property of the railways in telegraphs and way-leaves was purchased in 1871. It was said to be an afterthought of Gladstone (see *Times*, 25 Sept. 1916), but might still be used for the compulsory purchase by the State of the railway systems.

¹⁰ *Hansard* (3rd Ser.), lxxvi, 478.

¹¹ *Ibid.* 480-509.

to the railway companies. . . . I do not think they have mounted so high or Parliament has yet sunk so low as that at their bidding you shall refuse your sanction to the Bill.' He moved the second reading amidst loud cheering.¹²

The proposed reduction of third-class fares and the stipulations as to the character of third-class carriages were strongly opposed¹³ in the interest of the railway companies, and Bright opposed the Bill as a departure from the wholesome principle of non-interference with private enterprise.¹⁴ Buller argued that experience of mail-coaches and government steamers proved that State management meant slow and dear travelling. A tactful speech by Peel disarmed opposition to some extent,¹⁵ and the Bill passed its second reading by a majority of eighty-eight.¹⁶

In committee an amendment was carried¹⁷ compelling the railway companies to provide one train for third-class passengers on all days when first and second-class trains were run, a clause which, in spite of Gladstone's opposition, 'allowed Lazarus as well as Dives to travel on a Sunday.'¹⁸ The Bill then passed without further opposition.¹⁹

Experience of the working of the Act was favourable, though Parliamentary criticism continued.²⁰ The provisions of the Board of Trade that third-class carriages should be provided with seats and should 'be capable 'of being entirely closed without preventing the admission of light and air,' were carried out.²¹

The railway mania continued. Gladstone, speaking in 1845, said that the whole speculative activity of the country was now concentrated on railways.²² Over 240 railway Bills had been considered by the railway committee of the Board of Trade in the 1844 session.²³ In the course of the debates on a Consolidating Bill introduced in 1845 Wakley, the medical reformer, who was then member for Finsbury, commented strongly on the scandals of existing methods of procedure in the case of railway Bills.²⁴ Gigantic railway companies 'beat justice and principle entirely out of doors 'by heavy expenditure.' Counsel were paid exorbitant fees, and, being paid by the day, made interminable speeches. One man argued for five hours on one out of thirteen subdivisions of one clause in a Bill containing 183 clauses.²⁵ Gladstone did not defend the expensive eloquence of the Bar, but 'it was easier to blanch the cheek of a foreign despot than to shorten the 'speeches of counsel.'

¹² *Hansard* (3rd Ser.), lxxvi, 509.

¹³ *Ibid.* 509-15. Third-class trains were to travel at not less than 12 miles per hour, and the carriages were to be covered. All railways were to be compelled to carry third-class passengers.

¹⁴ Adjourned debate 11 July, *ibid.* 626-35.

¹⁵ *Ibid.* 667-76.

¹⁶ *Ibid.* 680.

¹⁷ *Ibid.* lxxvii, 351-81, 511-24, 530-42, 1034-41; lxxviii, 46-52, 298. In the Lords Brougham defended the rights of the 'sedentary person' (*ibid.* lxxx, 278, 788, 795).

¹⁸ Gladstone, 5 Feb. 1845, in *ibid.* lxxvii, 133-4.

¹⁹ *Ibid.* 180-3. See also Brougham on the 'fever and frenzy' of railway speculation (*ibid.* lxxix, 226-33).

²⁰ See the Indexes to vols. lxxiv and lxxv of *Hansard* (3rd Ser.) for lists of these Bills.

²¹ *Hansard* (3rd Ser.), lxxvii, 171-6, 175-9, 286-91.

²² *Ibid.* 183, 286.

¹⁷ *Ibid.* 1185-90.

¹⁸ Speech by Sheil in *ibid.* 1190.

¹⁹ *Ibid.* 1411.

The factory laws again attracted public attention during the period 1842-59, when valuable factory legislation was carried through. Lord Ashley, who was the moving spirit, found the House sympathetic and attentive, though the Manchester school of extreme individualists opposed each and every interference with the freedom of labour. The government gave Ashley powerful, if unenthusiastic, support, its chief preoccupation being to find a working compromise which both sides would accept and to guard against limitations which might jeopardize England's position in foreign markets.

Introducing a Bill to regulate the labour of women and children in mines on 7 June 1842,²⁶ Ashley drew the attention of the House to hideous and disgusting evils which, he said, equalled the horrors of the slave trade. He gave terrible details of the long hours of labour in revolting conditions which brought deformity, disease and death. Children were treated with a brutality which was sickening even to read of; the men, uneducated and ferocious, were utterly reckless of human life, and the employment of women led, in the language of one of the commissioners appointed to inquire into the conditions of the employment of children in mines, to 'revolting abominations.' The state of the mines as to ventilation and drainage was very bad indeed. In Derbyshire, for instance, black damp was prevalent, with frequent explosions; the pits were very wet, and children, some as young as five years of age, worked for fifteen or sixteen hours in the wet.²⁷ At Oldham the ways were 'so low that only little boys can work in them, which they do 'naked, and often in mud and water, dragging sledge-tubs by the girdle and 'chain.' In East Scotland—the worst district in every respect—women had to crawl along seams 22 to 28 inches in height on their hands and knees, dragging small carts laden with coal. He proposed the total exclusion of women and of boys under thirteen from the pits, that no person under twenty-one should be in charge of an engine, and that children were not to be apprenticed to colliers. This last provision would have swept away the custom of apprenticing orphan or pauper children to colliers from the age of nine to twenty-one. For all these years, it was said, 'they earned nothing and 'learnt nothing that could not be acquired in ten days,' while their masters supported themselves out of their labour, and often treated them with the vilest brutality.²⁸

The House, moved by Ashley's account of 'the progress of a cancer 'which had seized upon the body social, moral and political,' welcomed the proposed restrictions. Graham accepted the Bill on behalf of the government with some modifications.²⁹ On the question of the limitation of age a

²⁶ *Hansard* (3rd Ser.), lxiii, 1320-64.

²⁷ Lord Ashley reviewed the evidence from the following mining districts: (1) South Staffordshire; (2) Shropshire, Warwickshire, and Leicestershire; (3) West Riding of Yorks; (4) Derby; (5) Lancashire and Cheshire; (6) Gloucester and Somerset; (7) East and West Scotland; (8) North and South Wales; (9) Ireland, as to the state of the pits, the hours of employment and so on.

²⁸ The case of a boy named Edmund Kershaw, which is detailed at length (*Hansard* [3rd Ser.], lxiii, 1346), is an instance of the almost incredible cruelties practised.

²⁹ *Ibid.* 1357.

compromise was reached,³⁰ boys between ten and thirteen being allowed to work in the mines, but not more than three days a week, and not more than twelve hours a day on alternate days. The Radical Villiers opposed this limitation. He was 'at a loss to know how the boys between ten and thirteen 'hitherto fully employed were to obtain their living if their employment was 'reduced to three days a week.'³¹ The colliery proprietors found an apologist in Lambton, who argued that the early age at which children began to work in the mines and their long hours of labour were the fault of the parents and not of the owners, to whom it was of no advantage.

By the time the Bill reached the Lords a strong opposition to it had been got up by the mine-owners, of which Lord Londonderry was the spokesman.³² Amendments were introduced sanctioning apprenticeship for a limited period, amendments which Ashley deprecated, but felt bound to accept.³³ 'He was disposed,' he said, 'to sacrifice the children to save the women.' The Act as passed excluded women and young children from mines, and is particularly important as the first Act dealing with the labour of adult women.

Early in 1843 Graham introduced a Bill to regulate the employment of children and young persons and to make education in factories compulsory, but sectarian difficulties over the educational clauses wrecked the Bill. In the following year he carried a Bill on the same lines, with the educational clauses omitted.³⁴ The term 'child' was defined to mean children between nine and thirteen instead of between eight and thirteen, and the Bill proposed that such children were not to work more than six and a half hours a day. Young persons between thirteen and eighteen were not to work more than thirteen and a half hours a day, an hour and a half being allowed for meals. As the law then stood there was no limitation to the number of hours worked by adults, but Graham's Bill provided that females were not to work more than twelve hours out of the twenty-four under any circumstances. The extent to which recovery of 'lost time' was to be allowed was limited to thirteen hours, and to mills in which water power alone was used. Inspectors were given power to require the fencing in of dangerous machinery.

On 15 March Ashley proposed an amendment limiting the working day of women and young persons to ten hours.³⁵ Their exhausting toil produced rapid physical deterioration; not 6 per cent. of the workers were fit for full work after the age of forty-five. Phthisis and scrofulous disorders claimed their toll of victims. The practice of employing women for very long hours had a disastrous effect upon motherhood and infancy, and the conditions of factory life produced serious moral mischief. Dr. Hawkins, the government commissioner, stated that he had never been in any town in Great Britain or in Europe in which degeneracy of form and colour from the national standard was so obvious as in Manchester.³⁶

³⁰ 22 June, *Hansard* (3rd Ser.), lxiv, 423-8, 1004. ³² *Ibid.* 538.

³¹ *Ibid.* lxxii, 1352-5.

³³ *Ibid.* lxxv, 1094.

³⁴ *Ibid.* lxxii, 277-8. The Bill dealt with silk, woollen, cotton and flax mills.

³⁵ *Ibid.* lxxiii, 1073-1101.

³⁶ Dr. Hawkins in *Second Report of the Children's Employment Commission*, quoted by Sir James Graham in *Hansard* (3rd Ser.), lxxiii, 1099.

Graham opposed the amendment with evident reluctance.³⁷ Shortening the hours by one-sixth would, he argued, mean hampering the mill-owners in their competition with foreign producers. 'Such a step would be fatal to many of our manufactures. A feather would turn the scale, an extra pound would lose the race.'³⁸ It would mean a general fall of 25 per cent. in the wages in manufacturing districts and would be ruinous to the interests of the working classes as well as fatal to our commercial prosperity.³⁹

In the discussion that followed Bright stigmatized Lord Ashley's speech as unjust, unfair and one-sided.⁴⁰ He was convinced that there was a conspiracy against the manufacturers of the North⁴¹ and painted a bright picture of the life of the factory worker. He said that the labourers employed in the cotton trade were 'more steadily employed and better paid than in any other trade in this country,' and that Lord Ashley had been grossly imposed upon by his informants. Labouchere and Peel both laid great stress on the danger of foreign competition.⁴² The latter thought the limitation to twelve hours all that could be safely effected. Five-sixths of British exports consisted of cotton, linen, silk and woollen manufacture. If these mills lost time amounting to seven weeks a year, prices would rise and Great Britain would be ousted from neutral markets. Unless the factories were to bear an unfair burden, the proposed restriction of hours ought to be extended to all trades.⁴³

Peel's speech for once failed to convince the House and Lord Ashley's amendment was carried by a majority of nine.⁴⁴ This decision was, however, reversed by a subsequent vote.⁴⁵

The result of these contradictory votes was that Graham withdrew the Bill,⁴⁶ and introduced a new Bill on 29 March⁴⁷ which omitted the clause fixing the time of work for women and young children. The discussions of the second reading and in committee were of no special interest,⁴⁸ Lord Ashley reserving his final effort for the third reading. On 10 May he moved that the hours of labour be restricted to eleven from October 1844 and to ten from October 1847, making a powerful speech in which he showed that shorter hours need not mean financial loss.⁴⁹ After two days' debate his motion was negatived by a large majority,⁵⁰ the House being influenced by Graham's account of the menace of foreign competition⁵¹ and of the progress

³⁷ *Hansard* (3rd Ser.), lxxiii, 1101-10.

³⁸ *Ibid.* 1109.

³⁹ In a speech on the following Monday, 18 March, he said that the woollen and worsted manufacturers were bound to replace their machinery every twelve or thirteen years (*ibid.* 1201-18).

⁴⁰ *Ibid.* 1132-55.

⁴¹ *Ibid.* lxxiv, 1063-71.

⁴² Labouchere, 18 Mar. 1844, *ibid.* lxxiii, 1223-9; lxxiv, 1056-63; Peel, *ibid.* lxxiii, 1241.

⁴³ He gave miserable details of the hours and conditions of work in screw and nail manufactories, in the potteries, in calico printing, and the lace and hosiery trade, in many of which it appeared that children worked fifteen, sixteen, or even eighteen hours a day. (Details quoted from the *Report of the Employment of Children*.)

⁴⁴ *Hansard* (3rd Ser.), lxxiii, 1263.

⁴⁵ *Ibid.* 1460.

⁴⁶ *Ibid.* lxxiv, 129-38, 308-37, 611-91.

⁴⁷ *Ibid.* 1482-1525, 1588, 1617-47.

⁴⁸ *Ibid.* 899-915.

⁴⁹ *Ibid.* 1666.

⁵⁰ *Ibid.* 1104.

⁵¹ *Ibid.* 915-30. Ashley's proposal would have reduced the sixty-nine hours to fifty-eight (*ibid.* 922).

of manufactures in the United States and Switzerland, which worked eighty-four hours a week to the English sixty-nine and had already captured some of our markets.

Lord Brougham was the chief opponent of the Bill in the Lords, resting his objection to it on extreme *laissez-faire* principles.⁵² 'I protest against the Bill *in toto*,' he said, 'twelve as well as ten hours meddling. . . . Suppose I were against the original interference, which I am; suppose I deprecated the interference of the legislature in the contract between master and servant in manufactories, which I do entirely deprecate; suppose I think it an entirely wrong course of legislation on which you have entered; that is anything but a reason for my not only permitting this but going a stage further; for, if I think it wrong to place a limit of twelve hours, still less can I consent to cut it down to ten.'

Ashley next turned his attention to the employment of children in calico and print works, where the conditions were often very bad and where long hours were worked, children five or six years old being employed for fourteen or fifteen hours consecutively. The Bill introduced by him on 18 February 1845 was taken up and passed, with some modifications, by the government.⁵³ It forbade the employment of children under eight years of age, but allowed the employment of children under thirteen between the hours of 5 a.m. and 9 p.m., their schooling to be three or four hours a day on fifty days in each half-year. No children under thirteen and no girls and women were to be employed at night.⁵⁴ After strong opposition from Cobden, who contended that factory children who earned 3s. a week were much better off than children employed in agriculture who worked for 1s. 6d. a week,⁵⁵ the Bill was passed.

The principle of restricting hours of labour was finally established by Factory Acts of 1847,⁵⁶ young persons between thirteen and eighteen and females being forbidden to work more than ten hours a day, exclusive of meals, on five days in the week and eight hours on Saturdays. Evidence of very high mortality in Manchester and other factory districts and of the neglected state of the children owing to the long hours worked by their mothers was given. The Bill met with the usual opposition from the political economists of the day, but nothing was added to the arguments of 1844. As Ashley later confessed, the majority in favour of the Bill 'were governed not by love to the cause but by an anger towards Peel and the Anti-Corn Law League. Had not these passions interposed there would have been no unusual humanity.'⁵⁷ The drafting, however, of the Act of 1847 made evasions of the ten-hour limit possible by the employment of relays or shifts, a system which was upheld as legal by the courts. Lord Ashley brought in a Bill in 1850 to remedy this defect,

⁵² *Hansard* (3rd Ser.), lxxiv, 1310-17. ⁵³ *Ibid.* lxxvii, 638-66; lxxviii, 1369-75.

⁵⁴ *Ibid.* lxxviii, 1369-75.

⁵⁵ *Ibid.* lxxvii, 662-6; lxxxi, 125, 1341.

⁵⁶ 9 & 10 Vict., cap. 29. For the debate in the House of Lords see *Hansard* (3rd Ser.), xcii, 891-946. See also Hutchinson and Harrison, *Hist. of Factory Legislation*, 95.

⁵⁷ Hodder, *Life of Lord Shaftesbury*, ii, 202. See also Karl Marx, *Capital* (Engl. Trans.), 273.

and in introducing it gave a sketch of the benefits of the ten hours limit in practice.⁵⁸ The chief opposition came from Milner-Gibson, who doubted the account given by Lord Ashley, which, 'deeply tinged with Socialism and 'sentimentalism,' described 'the conversion of great sinners into comparative 'saints in a year and a half.'⁵⁹ Bright thought the effect of the Act had been overrated⁶⁰ and that better results would be obtained from any measure which had the sympathy of the employers. Sir George Grey took over the Bill on behalf of the government, but modified it by limiting the time worked by the factory to the hours between 6 a.m. and 6 p.m. and 6 a.m. and 2 p.m. on Saturdays, one hour and a half being allowed for the workers' meals.⁶¹ Ashley accepted this in place of the ten hours limit imposed by the Act of 1847, which had permitted the factory to work between 5.30 a.m. and 8.30 p.m.⁶² An amendment as to children's hours of labour⁶³ and another supported by Disraeli to restrict the work of all factory hands to ten hours were defeated.⁶⁴

A typical instance of the attitude of the 'leave-it-alone' school was the opposition to the Coal-whippers Bill introduced by Gladstone in 1843 to improve the conditions of employment of the men unloading coal-vessels in the port of London.⁶⁵ Hume thought the government ought 'to leave 'the coal-whippers in their natural state.' Baring condemned 'meddling,' and said 'that the best humanity was to leave people to take care of themselves.'⁶⁶ Gladstone, though apologetic about interfering with the freedom of labour, hoped social considerations would overcome the economic objections,⁶⁷ and the Bill was passed.⁶⁸

Of restraints on labour from the other side, by trade union regulations, Parliament heard but little in this period. Trade unions appeared to be strongest in the shipbuilding trade, and in 1856 a number of trade unionists were tried for intimidating non-unionists.⁶⁹ Indirect evidence of their activity appears in the series of strikes in 1853 and 1854.⁷⁰

The organization of the mercantile marine was affected at this time by a series of enactments of the first importance, which included the Merchant Seamen Act of 1844, the repeal of the Navigation Laws and the Act of 1854.⁷¹ When Peel took office no examination of any kind was required to qualify for the posts of master or chief mate of merchant ships,⁷² and the poor education of masters of British ships was constantly referred to in the debates on the Navigation Laws. The Merchant Shipping Act of 1854, which codified the laws relating to shipping, introduced valuable reforms⁷³ by making the three authorities—Trinity House and Commissioners of Northern

⁵⁸ 14 Mar. 1850, *Hansard* (3rd Ser.), cix, 883-900.

⁵⁹ *Ibid.* 914-15.

⁶⁰ *Ibid.* 918. See also a later speech.

⁶¹ *Ibid.* cx, 1132-4.

⁶² *Ibid.* 1431.

⁶³ *Ibid.* cxi, 845-6, 855.

⁶⁴ *Ibid.* 1283.

⁶⁵ *Ibid.* lxx, 1249-51.

⁶⁶ *Ibid.* lxxi, 86-8, 91.

⁶⁷ *Ibid.* 78-83.

⁶⁸ *Ibid.* 587.

⁶⁹ *Ann. Reg.* 1856, Chronicle, 161.

⁷⁰ See above, p. 190.

⁷¹ See above, pp. 173-7.

⁷² *Hansard* (3rd Ser.), lxx (1843), 764-5.

⁷³ *Ibid.* cxxiv, 1227-56.

and Irish Lights—accountable to Parliament through ministerial responsibility for their proceedings. The Act contained a most important provision abolishing the rule that British ships were to be manned by a crew three-fourths of which were British seamen.

At the outbreak of the war with Russia Great Britain had sixteen steam battleships, eight steam frigates and nine paddle-wheel steam frigates afloat. Eight more battleships were building.⁷⁴ Though steam navigation had made great progress it was still, in 1857, an open question whether steamships were much faster than sailing ships, and the Admiralty, when sending troops to India at the time of the Mutiny, actually decided on sailing ships in preference to steamships, with unfortunate results. Troops dispatched a month later in steamships reached India before the clippers.⁷⁵ The *Great Eastern*, a leviathan iron steamship, was built in 1857, her tonnage being 23,000 tons and her length 690 feet.⁷⁶

Appointment to the civil service by competitive examination instead of nomination was a reform won from a reluctant government by the efforts of the 'administrative reformers' in 1855 and 1856.⁷⁷ Years before, Disraeli had called attention to the inefficiency of the consular service,⁷⁸ which should, he thought, be blended with the diplomatic service, owing to the great and growing importance of British commercial interests.

Russell made many vain efforts to improve the state of education in England and bring it up to the standard of foreign countries. Speaking in 1856 he maintained that a compulsory education rate was necessary,⁷⁹ but disputes on the question of religious teaching were fatal to his schemes.⁸⁰ Graham thought that voluntary effort was sufficient and that education was making rapid and satisfactory progress in England, where the proportion of scholars was one in eight—higher than anywhere on the Continent with the exception of Prussia and Holland, where the figures were one in six and one in seven respectively.⁸¹ These figures were challenged by Pakington,⁸² who stated that only three or four countries in Europe were in a worse position than England. In Sweden the attendance at school was one in four of the population, in France one in six, in Russia one in seven.⁸³ None of the large schemes for educational extension introduced between 1841 and 1859 were carried through, but a rise in the annual educational estimates was a hopeful sign.

The first of the great international exhibitions, the 'Exhibition of the Works of Industry of All Nations,' was opened by the Queen on 1 May 1851. It was housed in the glass and iron structure, 1,851 feet long, afterwards known as the Crystal Palace, designed by Sir Joseph Paxton and erected in

⁷⁴ *Ann. Reg.* 1854, Chronicle, 34.

⁷⁵ *Hansard* (3rd Ser.), cxlvi, 1695-8.

⁷⁶ *Ann. Reg.* 1857, Chronicle, 210.

⁷⁷ See *Hansard* (3rd Ser.), cxxxviii, cxxxix, cxliii.

⁷⁸ *Ibid.* lxi, 220-44.

⁷⁹ *Ibid.* cxl, 1955-80.

⁸⁰ See speeches by Henley and Gladstone in *ibid.* cxli, 780-99; 941-53.

⁸¹ *Ibid.* cxli, 830-52.

⁸² He had been Secretary for War and the Colonies in 1852.

⁸³ *Hansard* (3rd Ser.), cxli, 852-65.

Hyde Park. The idea of the exhibition originated with the Prince Consort. Parliament was not directly concerned with the exhibition, and the pages of *Hansard* contain few notices of a venture which had considerable effect on the development of trade and industry. Lord Campbell expressed the general view when he said he thought the exhibition would tend to harmonize the world by bringing together all the nations of the globe in friendly intercourse. He believed it would benefit manufactures and promote the cultivation of the fine arts.⁸⁴ Brougham was of opinion that the joint exhibition of British and foreign goods would inflict some injury on shopkeepers and manufacturers by lowering prices, though he thought they would ultimately benefit by competition and the exchange of ideas.⁸⁵ Sibthorpe, who hated all innovations, opposed the scheme and argued that the exhibition of the industries of all nations would be an exhibition of the trumpery and trash of foreign countries to the detriment of our own already too much oppressed manufacturers.⁸⁶ The exhibition brought together under one roof specimens of the products and manufactures of Great Britain and her colonies, and of all the chief states of Europe, her actual or potential rivals. It is interesting to notice that a Council medal was awarded to Friedrich Krupp of Prussia for 'cast steel of superior and novel quality.'⁸⁷ Prussia already exhibited a series of chemical dyes, France displayed beet sugar, and her silks and velvets were unrivalled. Great Britain was still supreme in the manufacture of machinery, railway lines, locomotives and rolling stock, her chief rivals, France, Belgium and Prussia, being still a long way behind her. The same is true of woollen and cotton manufactures.

During the latter part of the period politicians congratulated themselves on an improvement in the state of Ireland, but the change was chiefly due to emigration. On 15 February 1850 Russell, reviewing Irish affairs, said that a great change had taken place. The potato famine had almost put an end to the state of things in which the labouring classes lived upon small plots of potato land instead of wages, which created an unhealthy competition for land and led to outrage.⁸⁸ Emigration had tempered the afflictions of the transition period. There were many hopeful signs, the improvement of the fisheries, a drop of £180,000 in the poor rate and a decrease in the amount of outdoor relief.⁸⁹ He proposed to advance £300,000 to certain distressed unions, heavily in debt through building workhouses and supplying food during the famine. The period of repayment of the whole sum still due from Ireland for advances from 1839 to 1849 (which with the £300,000 amounted to £4,483,000) was extended to forty years.⁹⁰ Irish emigration continued so rapidly that Derby described it as 'the exodus of the Irish

⁸⁴ *Hansard* (3rd Ser.), cxviii, 509-10.

⁸⁵ *Ibid.* cix, 1083-5.

⁸⁶ *Ibid.* cxiii, 353.

⁸⁷ For a reprint of the exhibition Catalogue see *Annual Register*, 1851, Appendix, 500-54.

⁸⁸ *Hansard* (3rd Ser.), cviii, 823-33.

⁸⁹ For figures see *ibid.* 825-7.

⁹⁰ A Bill founded on these proposals was passed during the session (*ibid.* cix, 14; cx, 175, 845, 1164, 1379; cxi, 158).

'people.' Hundreds and thousands of acres were lying almost without inhabitants and without cultivation.⁹¹

The economic result was, on the whole, beneficial to those who remained. The death or emigration of the tenants occupying the very small plots of land removed a class whose sufferings in case of an unfavourable harvest were inevitable.⁹² By 1852 it was stated that one-half of the number of small holdings under fifteen acres, which had been unprofitable economically,⁹³ had gone since 1841.⁹⁴ The scheme introduced by Napier, Attorney-General for Ireland in 1852, for providing compensation for improvements and security of tenure, was introduced in a speech containing a mass of interesting details,⁹⁵ but after passing its second reading the Bill was referred to a Select Committee.⁹⁶ Striking figures showing the diminution of serious crime in Ireland were given by Sir George Grey in 1857,⁹⁷ the number of sentences of transportation being 1,978 in 1851 and 33 in 1855. Some part of this extraordinary decline was due, of course, to the Act of 1853, which substituted penal servitude for transportation as the punishment in many cases, but, even including 485 sentences of penal servitude, the total number sentenced in 1855 was only 518.

The condition of India was brought prominently before Parliament in the debates on the Government of India Bill of 1853. Sir Charles Wood, in introducing the Bill, gave an outline of Indian administration, public works and trade development for the past twenty years.⁹⁸ In the course of the debates Disraeli declared that the Indian population suffered under serious grievances, 'constant wars, constant deficits, no education, few public 'works and maladministration of justice,' which could not be properly remedied unless their country, which was still under a dual government, were brought more directly under the Crown and Parliament, a change which was bound to come sooner or later.⁹⁹ The power of the Court of Directors had been limited, and the Indian civil service was thrown open to unlimited competition, 'merit and merit alone being the test.' This last reform, however, was strongly opposed by Lord Ellenborough, who deprecated government by successful examinees and by 'learned incompetency, which 'was almost invariably accompanied by self-sufficiency.' Over-educated mediocrities were, he considered, useless in public life and in society intolerable bores.¹⁰⁰

The India Act of 1853 provided for an annual financial statement in Parliament. The first was made by Sir Charles Wood on 8 August 1854.¹

⁹¹ 3 Feb. 1852, *Hansard* (3rd Ser.), cxix, 26.

⁹² See *ibid.* cxxiii, 305-41.

⁹³ In 1845 the produce per cultivated acre in England amounted to £4 7s. 6d., and in Ireland to £2 9s. 3d. only (*ibid.* lxxxi, 214).

⁹⁴ *Ibid.* cxxiii, 332. There were still half a million tenants rated below £6 (*ibid.* cxxviii, 807-10).

⁹⁵ *Ibid.* cxxiii, 305-41.

⁹⁶ *Ibid.* 1089-1137, 1532-57, 1568.

⁹⁷ *Ibid.* cxliv, 357.

⁹⁸ *Ibid.* cxxvii, 1092-1194. Imports had risen from £7,993,000 in 1834-5 to £17,313,000 in 1849-50.

⁹⁹ *Ibid.* 1032-64; Money Penny and Buckle, *Disraeli*, iv, 83.

¹⁰⁰ *Hansard* (3rd Ser.), cxxviii, 15.

¹ *Ibid.* cxxxv, 1436.

His speech contained a defence of the salt monopoly ;² he had positive evidence that the population of India were able to obtain a sufficient supply of salt at the price at which it was sold. It was the only tax they paid, and was infinitely preferable to setting up an excise system, which would mean an increase in the number of native collectors, who discharged their duties cruelly and oppressively. No increase in the customs, which produced about £1,000,000, could be expected until exports materially increased. He hoped that the existing demand for fibrous substances would lead to an increased export of flax and hemp from India.

The valuable territories in Pegu and Nagpore, which would supply cotton and timber, had, he continued, just been added to the Empire. The North-West Provinces had never been so tranquil. The great Ganges Canal, with its branches, in its course of nearly 900 miles, irrigated one and a half million acres and benefited six millions of people. In the Punjab 1,350 miles of road had been opened and several hundred miles of canal begun. The public works in Bombay and Madras included the water supply of the town of Bombay, and the survey of the River Godavery, which would open up one of the greatest cotton districts in India. Railroads had made great progress, in spite of the tightness of money and the insufficient supply of iron rails from England. Calcutta had been connected with Delhi, Agra, and Bombay by electric telegraph, and a uniform postage had been established throughout India. Exports of cotton had risen from 352,000,000 lb. in the five years ending in 1842 to 863,000,000 in the five years ending in 1857.

On 14 February 1859 Stanley, Secretary of State for India, pointed out that in three years there would be 3,600 miles of railway in operation.³ A profit of 5 per cent. on their working was expected, and by next June the electric telegraph from England would have reached Aden on its way to India, while the line begun by the Turkish government from Constantinople to Basra would be carried thence to Karachi by the Indian government.

The Mutiny had emphasized the necessity for a radical change in the rule of India. In 1858 the Government of India Act was passed whereby the powers of the East India Company with its naval and military forces, after an existence of over 250 years, were transferred to the Crown. India henceforth was to be administered by a Secretary of State and a Council at home and a Governor and a Council in India. A royal proclamation was published to the people of India,⁴ which in eloquent and dignified language inaugurated the new *régime*, and promised to the people religious liberty and the maintenance of their ancient rights, usages and customs. One paragraph expressed the Queen's desire 'to stimulate the peaceful industry of India, to promote works of public utility and improvement, and to administer its

² The House had voted for the abolition of the salt monopoly (*Hansard* [3rd Ser.], cxxix, 913-27, 957, 1450-1, 1710), but the clause was struck out in the House of Lords.

³ The length already open was 559 miles (*ibid.* clii, 365).

Printed in *Annual Register*, 1858, History, 258-9.

government for the benefit of all our subjects resident therein. In their prosperity will be our strength, in their contentment our security, and in their gratitude our best reward.'

The chief features of British foreign policy in the period 1842-6 were the attempts to negotiate reciprocity treaties, all of which were unqualified failures, negotiations with France, Spain, Turkey, Naples, Portugal and Brazil ending in disappointment.⁵ A commercial treaty with Japan was negotiated in 1848,⁶ and commercial treaties with Spain, Peru, Ecuador, Paraguay, the Sandwich Islands and the Papal States in 1852 and 1853,⁷ and with Russia in 1859.⁸ The Treaty of Paris of 1856 provided a further opening for trade; the ports of the Black Sea were thrown open to the mercantile marine of all nations, provision being made for consuls to be admitted to those ports and for the free navigation of the Danube.⁹ There was general agreement in Parliament as to the commercial advantages to be obtained from free navigation of the Danube¹⁰ and as to the wisdom of neutralizing the Black Sea, prohibiting it to warships and making it a purely commercial sea. Seven or eight Russian ports would be opened to 'the civilizing influence of commerce.' Fears, however, were entertained that neutralization might be found practically impossible.¹¹

The rapid development of the German states under the Zollverein formed in 1834 attracted the attention of careful observers.¹² The tariff alterations of 1842 and 1846, though favourable to Prussia and the other Baltic states, did not produce the hoped for concessions in return, and by 1850¹³ it was obvious that the German states had decided in favour of the protective principle. The growing importance of the trade with Germany, the development of its manufactures and potential rivalry with Great Britain were constantly referred to.¹⁴ With Hanover, which was not included in the Zollverein until 1851,¹⁵ there was a long dispute on the subject of the Stade Duties—tolls imposed by the King of Hanover on ships navigating the Elbe.¹⁶ The Sound dues on shipping were extinguished by an agreement with the Danish government in 1857,¹⁷ Great Britain, Russia, Prussia, France and other powers redeeming the duties on the payment of a fixed sum, apportioned to correspond with their shipping in those waters.¹⁸

The activity of Great Britain in attempting to put down the slave trade complicated her commercial relations. Palmerston's high-handed proceedings on the west coast of Africa, burning and destroying the slave

⁵ *Hansard* (3rd Ser.), lxxiii, 603; lxxvii, 454-5 cxli, 2034-5; lxxvii, 1343; lxxviii, 891-5; lxxii, 276.

⁶ *Ann. Reg.* 1848, History, 279-81.

⁷ *Hansard* (3rd Ser.), cxxiii, 17-21.

⁸ *Ibid.* clii, 3.

⁹ Articles xi, xii, and xv of the Treaty of Paris.

¹⁰ *E.g.* Lord John Russell, *Hansard* (3rd Ser.), cxli, 2089; Malmesbury, *ibid.* 1974; Clarendon, *ibid.* 1998; Aberdeen, *ibid.* 2020; Herbert, *ibid.* 2046.

¹¹ Lord John Manners, *ibid.* 2057-66; Layard, *ibid.* 2078.

¹² See above, p. 91.

¹⁴ *E.g. ibid.* lxx, 615-30.

¹³ *Hansard* (3rd Ser.), lxiv, 790; lxv, 452.

¹⁵ Ward, *Germany*, i, 215-19.

¹⁶ *Hansard* (3rd Ser.), lx, 329; lxv, 396-9; lxvi, 198-9; lxx, 615-30.

¹⁷ *Ibid.* cxlv, 1220-32.

¹⁸ The payment made by Great Britain was £1,125,206.

barracoons, were condemned by Peel in 1842 as contrary to the law of nations.¹⁹ He decided instead to increase the naval force on the west coast of Africa, and try and prevent the departure of slave ships. The United States and France, though both refusing to Great Britain the right of search, promised to co-operate by sending ships to help the British cruiser squadron on the west coast.²⁰

On the coasts of Cuba and Brazil, however, England was the only power making any effort to put down the traffic, and in 1844 Palmerston, in an impassioned speech, gave terrible details of the flourishing state of the trade.²¹ The efficacy of the work of the cruiser squadron on the west coast of Africa was often questioned in Parliament.²² Hutt (later, in 1865, Vice-President of the Board of Trade), speaking in 1850, said a method of coercion which cost £700,000 a year and occupied one-fourth of the whole navy was futile as well as cruel.²³ Baillie said that by maintaining the squadron England cast a screen of respectability over her conduct as a receiver of stolen goods. England was at present the country deriving the greatest advantage from the slave trade.²⁴ Other members maintained that the blockade of the west coast of Africa was a violation of international law, and kept England on the brink of quarrels with France and America. According to Gladstone, the existing system of repression increased rather than diminished the sum of human suffering, and the slave trade could only be diminished by the repeal of the Sugar Duties Act of 1846.²⁵

Those who wished for the retention of the squadron argued, with Labouchere and Russell,²⁶ that Hutt's motion was 'a plea for free trade in slaves.' The character and honour of the country were involved in this high and holy work against the curse and crime of slavery.

An Act had been passed in 1845 empowering British cruisers to seize all the slave ships in Brazilian waters,²⁷ and owing to the growth of the slave trade after the alteration of the sugar duties ²⁸ a squadron was sent out to the Brazilian coast in 1850 with orders to carry out the Act of 1845. These strong measures had the desired effect, and in September 1850 the Brazilian government, in response to what Palmerston described as the 'earnest communications of the British government,' passed a law making slave trade piracy.²⁹ After a temporary depression ³⁰ the slave trade revived during

¹⁹ *Hansard* (3rd Ser.), lxvii, 1209, 1223.

²⁰ *Ibid.* lx, 717; lxvii, 4-13. Treaty of Washington (*ibid.* lxvii, 1162 *et seq.*; lxviii, 820). France had conceded the right of search by a treaty of 1841, but the French Chamber refused to ratify it.

²¹ *Ibid.* lxxvi, 922-70.

²² *Ibid.* lxxx, 199-225, 466-90.

²³ He quoted evidence given by naval officers before the Parliamentary Committee of 1849.

²⁴ *Ibid.* cix, 1110-16.

²⁵ *Ibid.* 1156-73. The slave ships were now much more crowded than formerly, and the increased mortality in the middle passage absorbed the lives of more slaves than the cruisers had liberated. See also later speeches by Milner-Gibson and Roebuck, *ibid.* cli, 1286-94, 1309-14, 1319-23, 1322-4.

²⁶ *Ibid.* cix, 1118-29, 1173-83. ²⁷ *Ibid.* lxiv, 1170; lxxiii, 606-8, 642; lxxxii, 1516.

²⁸ In 1842 30,000 slaves had been exported to Brazil, in 1847 84,000 (*ibid.* cix, 1099).

²⁹ *Ibid.* cxviii, 683-8, 1009-12; cxxiii, 17-21.

³⁰ *Ibid.* cxviii, 1006-9.

the Crimean War, as it appeared probable that Great Britain would be unable to interfere. In 1855 the British government remonstrated strongly, and the threat to renew the Act of 1845, suspended by Derby in 1852, proved efficacious.³¹

On the west coast of Africa a legitimate trade in palm oil and cotton was beginning to replace the slave trade.³² In 1857 Fitzgerald gave figures as to the increase of exports from Africa, which amounted to £2,000,000 annually. European factories were multiplying, fisheries and oil factories were being established, and urzella ^{32a} collectors were settling in every bay. Lagos, formerly one of the most notorious slave markets on the coast, exported palm oil, ivory and cotton—an increased supply of which was a matter of the ‘gravest consequence’—to the value of £188,000 in 1856. The government contended that this commercial development was due to the presence of the cruiser squadron.³³

At the end of the period the ‘right of search’ claimed for British cruisers, which had given rise to much ill-feeling, and many protests by France, Spain and the United States, was formally abandoned.³⁴ It had been argued by Malmesbury and others that the American flag was constantly prostituted to cover the slave trade, and that the right of search was necessary to see if ships were entitled to the flag they carried.³⁵ The British government, however, accepted the advice of its law officers—that by international law Great Britain had no right of search whatever in time of peace.³⁶ The claim arose when the British Navy was irresistible, but when France had rebuilt her navy she refused to allow the right of search and America followed her example.³⁷ It was announced that in return for the abandonment of the claim to search, America had made concessions as to the verification of the flag of a suspected slaver. A search might now and then be justified, but it must always be at the risk of the searchers, and when exercised fairly, no government could complain. France and Great Britain agreed upon a code to regulate these matters, and America was invited to adopt it; thus a vexed question was settled by mutual concessions.

³¹ *Hansard* (3rd Ser.), cxxiii, 17-21; cxliii, 1072-9.

³² *Ibid.* cli, 1301-9. See speech by Palmerston (*ibid.* 1334-41).

^{32a} The native name of a dye-lichen exported from the West African coast.

³³ *Hansard* (3rd Ser.), cli, 1294-1300, 1334-41.

³⁴ *E.g. ibid.* lxxvii, 91-4; clii, 316-21.

³⁵ *Ibid.* cl, 1704.

³⁶ *Ibid.* cli, 42-8, 54-5, 2079, 2083-5.

³⁷ *Ibid.* clii, 316-21.

CHAPTER VII

FREE TRADE

(1859 to 1868)

DISSOLUTION of Parliament followed the defeat of Lord Derby's Reform Bill in March 1859. The Conservatives gained a few seats at the elections, but were still in a minority when Parliament met in May. Disraeli, admitting that the opinion of the country was in favour of lowering the borough franchise to include the working classes, stated that the government was prepared to deal anew both with the suffrage question and the redistribution of seats.¹ The government was defeated, however, on the Address, and an administration was formed under Lord Palmerston, with Lord John Russell as Foreign Secretary and Gladstone as Chancellor of the Exchequer. Cobden declined to enter the Cabinet as President of the Board of Trade on the ground of his opposition to Palmerston's foreign policy, but the Radicals were represented by Milner-Gibson, who took the office on Cobden's refusal. Bright's speeches during the winter campaign had been such as to preclude any offer from the government,² but his influence on the Cabinet was much feared by the Conservatives, while Gladstone was 'the arch that united Tiverton³ to Manchester.' All measures of reform were looked on with suspicion by the Opposition as emanating from Manchester and forming part of a policy of universal suffrage and taxation of property.⁴

The benefit of free trade was by this time a tenet common to the Liberals and the majority of Conservatives, and both quoted Peel's policy as a precedent for further tariff changes.⁵ The advocates of free trade

¹ *Hansard* (3rd Ser.), clix, 139-40.

² See Trevelyan, *Life of Bright*, 282; Morley, *Life of Cobden* (1903), 695. It was his attack on the House of Lords to which Palmerston took exception.

³ Palmerston was member for Tiverton.

⁴ The term 'property' seems to imply at this date those possessions upon which succession duties were paid. Gladstone, in his budget proposals of 1853, refers to it in this sense (*ante*, p. 189) and Bright (21 July 1859) speaks of laying taxes on property, by which he means 'taxes on succession of every kind—probate duty, legacy duty, and the tax levied under the Act of 1853' (*Hansard* [3rd Ser.], clv, 191-2. See also Porter, *Progress of the Nation*, sec. vi, chap. ii).

⁵ Although with varying applications of the example. When Gladstone was working for the removal of duties on foreign manufactures as a counterpart to the repeal of the Corn Laws, his opponents argued that Peel operated on raw material (*Hansard* [3rd Ser.], clvi, 1573), whilst Gladstone's 'new doctrine' of removing duties (*e.g.* the paper duty) in order to increase employment (*ibid.* clvii, 407), which he defended on the ground that Peel preferred liberating and extending trade to cheapening articles of consumption (*ibid.* clxii, 1295), was met by a reference to Peel's insistence on a reduction on articles of general consumption in 1845 (Sir Stafford Northcote, *ibid.* clxii, 1435). Disraeli, however, denied the accusation that he cared only for reducing duties on articles of general consumption; he admitted that the best measures were those producing *maximum* occupation (*ibid.* clxiii, 255).

in the sixties based their arguments not so much on any permanent reduction in the price of articles of consumption consequent on the removal of protective duties as on the indirect advantages of freeing trade from all restrictions.⁶ These advantages were an increase in imports, to be paid for, according to free-trade maxims, by increased exports,⁷ a greater demand for labour following on an enlarged consumption,⁸ a stimulus to the producer to invent and to develop his resources in order to compete successfully with the foreigner, the equalization of the prices of bread and labour in England and abroad,⁹ and the benefit to the consumer, in times of scarcity, of an open door to the produce of other countries. Free trade, it was said, together with the development of the colonies, the improved means of communication,¹⁰ and a new supply of gold, had raised the price of labour 20 per cent. since 1842, had increased the rents of landlords and the incomes of farmers, extended the operations of manufacturers and, consequently, brought prosperity to tradesmen and merchants.¹¹ Free-trade legislation was, admittedly, in the interest of the consumer.¹² But Cobden, speaking in 1864, maintained that the interest of the producer had not been lost sight of, and in this connexion quoted the maxim of Sir Robert Peel, that it was necessary, before exposing manufacturers to competition with the rest of the world, to relieve them from all disadvantages in the supply of raw material and the processes of manufacture.¹³ Gladstone also, in the same year, promised the British producer that the government would take care that he should get all he wanted at home on terms of perfect equality as far as our laws were concerned and on the best terms that could be obtained from other countries.¹⁴ In regard to foreign relations, the liberation of trade was looked on as good in itself and to be pursued independently of any reciprocal concessions. Other nations, it was thought, would naturally follow suit when they saw the benefit of free trade to English commerce, but the British tariff was not to be regulated by the amount of protection abroad.¹⁵

In domestic affairs also the doctrine of free trade was the guiding principle of the time. Applied to labour, the theory of 'no restrictions' meant on the one hand that questions of hours and wages should be left to

* See Gladstone in *Hansard* (3rd Ser.), clvi, 814; clx, 698; also Caird, *ibid.* clxii, 610. In the case of the removal of excise duties, also, the result looked for was rather an extension of trade in the article freed than any great reduction in price to the consumer, although it was said in 1861 that a ploughman could get his boots for 10s., instead of 18s., since the removal of the duty on leather (*ibid.* clvi, 1517; clxii, 544).

⁷ Gladstone, *ibid.* clxii, 544 *et seq.*

⁸ Gladstone, *ibid.* clvi, 814; *cf. ibid.* clxii, 1295.

⁹ Baines, *ibid.* clvi, 1586.

¹⁰ The special benefits of railway communication to the labourer were the increased facilities for seeking employment and the cheapening of articles of consumption. For the producer it had greatly reduced the time and cost of transport (T. Baring, *Hansard* [3rd Ser.], clvi, 1751).

¹¹ See Baines, *ibid.* clvi, 1586; clvii, 134; Bright, *ibid.* clvi, 1631.

¹² *Ibid.* clxii, 1797.

¹³ Cobden on the malt duty, *ibid.* clxxiv, 1021.

¹⁴ *Ibid.* clxxiv, 536.

¹⁵ 'To make the removal of duties a 'matter of bargain' was to 'revive an exploded doctrine,' but once the restrictions at home were removed a favourable condition was created for asking other countries to remove their export duties on raw material (Gladstone, *ibid.* clxii, 1786).

the law of supply and demand, and on the other that no restraint should be laid on freedom of contract between master and men. The Home Secretary, Sir George Cornewall Lewis, refused to arbitrate in the builders' strike in 1859.¹⁶ He wished the executive government to keep clear of those 'deplorable disputes';¹⁷ nor would he lend any support to the measures introduced by Mackinnon for establishing boards of conciliation in 1860 and 1861. Although disapproving of the policy of strikes, he thought that the government should be neutral in these struggles and only interfere to keep order.¹⁸ In 1861 some feeling was caused by the employment of sappers and miners to prevent a stoppage of work at Chelsea Barracks, where a number of masons had struck against the contractor's attempt to introduce the system of payment by the hour. Representations were made to Sir George Lewis¹⁹ that this was an unfair 'interference,' and he agreed, in order to maintain the government's neutral position, to withdraw the soldiers.²⁰ Again, in 1861, the Board of Trade refused to interfere on behalf of the engine drivers, who asked for help to effect a change of agreement with their employers. Milner-Gibson maintained in reply to their deputation that the Board of Trade had no power to act, and that it was undesirable for Parliament to interfere with hours of labour and rate of wages of adults.²¹

The principle of government intervention for the protection of those who could not protect themselves was, however, generally recognized. It had resulted in factory legislation and education grants; but there were still those who disputed whether the State stood *in loco parentis* to any other than criminal and pauper children.²² Voluntarists like Henley and Baines wished to leave education to the discretion of parents and private liberality, and the 'no restrictionists' objected to the interference with the labour market caused by the education clauses of the Factory Acts.²³ The principle of the Privy Council system of education was to supplement voluntary effort by State grants. But since the system failed to reach the poorer classes, the Newcastle Commission²⁴ in 1861 recommended a county rate for aiding schools where private exertion was lacking. Robert Lowe, Vice-President of the Committee of the Council for Education under Lord Palmerston's administration, preferred to leave 'the whole system of the Privy Council intact.' At the same time, in accordance with the suggestion of the commission for ensuring a minimum of education in poorer districts, he proposed 'a little free trade' by 'testing actual results, instead of bounties and protection.'²⁵ The Revised Code of 1862, which introduced the payment of grants on the results of individual examination, proved even less elastic than the old regulations.

¹⁶ The first great strike for the reduction of working hours (Howell, *Labour Legislation* 132).

¹⁷ *Ibid.* clviii, 1906.

¹⁸ Then at the War Office.

¹⁹ See Baines and Dillwyn, *ibid.* clxiv, 752, 758.

²⁰ It was feared that when the power of trades unions grew it would be argued that if you may interfere to protect the child from his employer you may interfere to protect the adult' (Buxton, *ibid.* clx, 2026).

²¹ Obtained by Sir John Pakington in 1858.

²² *Hansard* (3rd Ser.), clxiv, 719.

²³ *Hansard* (3rd Ser.), clxii, 1758.

²⁴ *Ibid.* clxiv, 877, 1867.

²⁵ *Ibid.* clxii, 1063-4; cf. *ibid.* clxviii, 669.

But the time was not ripe for Lord Brougham's 'Utopian system' of payment and management by local bodies.²⁶ Compulsory taxation for educational purposes and compulsory religious instruction were alike considered to be opposed to the doctrine of 'freedom' ²⁷ in the same manner as compulsory sanitation and cleanliness were thought to be opposed to it and accordingly were abandoned by the abolition of the Board of Health, established at the time of the outbreak of cholera in 1847.²⁸

Free trade in relation to commerce meant an open field for private and individual enterprise under a system of free competition. The government policy, for instance, regarding railways was to leave the construction and management to 'free enterprise,' reserving only a control for the 'welfare of the public.' ²⁹ Ministers dismissed the idea of a railway board, advocated by Lord Redesdale, believing that it would not enlist sufficient public support to enforce its decisions.³⁰ As to new undertakings of national importance and great initial difficulty, such as submarine telegraphs and Indian railways, a compromise was effected between public and private enterprise by a government guarantee, on condition of successful working.³¹ The introduction of a postal service on an enlarged scale had been aided by a system of subsidies in return for a definite standard of speed and efficiency and the use of vessels which could be adapted to defensive purposes. Free traders wished gradually to end the system of subsidies by withdrawing them where there was effective competition. The government went with this opinion so far as to agree that contracts, for the sake of the taxpayer, ought to be put up to public competition. In the case of the government manufacturing departments the discussion turned mainly on the question of economy.³² The government did not deny that large warships could be built more cheaply by contract, but they thought that ships should at least be occasionally laid down in the royal dockyards to provide an opportunity for experiments and to keep up the necessary plant for repairs, as well as to supply the means for checking contractors' prices.

Lord John Russell's presence in the Cabinet of 1859 was a pledge for a new measure of parliamentary reform. The point at issue was the extension of the borough franchise, which meant, in fact, the enfranchisement of the upper part of the working classes,³³ a small opening in the ranks 'to the 'rush of oncoming democracy.' Lord John Russell's measure, introduced on 1 March 1860, the anniversary of the Reform Bill of 1832, proposed to

²⁶ This, he prophesied, would not come in their time. He was right as regarded himself. He died in 1868 and local rating was not established until 1870.

²⁷ See Sir George Lewis, *Hansard* (3rd Ser.), clxiv, 741. A parochial system of rating and management could not, he thought, be denominational.

²⁸ Gilbert Slater, *The Making of Modern England*, 167-71.

²⁹ See Stevens, *English Railways* (1915), 216.

³⁰ *Hansard* (3rd Ser.), clviii, 7.

³¹ The absolute guarantee given to the Red Sea and Indian Telegraph was on account of the special circumstances of the mutiny and the difficulty of raising funds.

³² Cobden laid down that the Government 'ought not to be allowed to manufacture articles which can be obtained from private producers in the competitive market' (*Hansard* [3rd Ser.], clxxvi, 1907).

³³ See *ibid.* clvii, 1030.

lower the occupation franchise to £10 in counties and £6 in boroughs, to increase the representation of some counties and to give additional members to certain large towns. He had at last abandoned his doctrine of 'finality,' but his measure, for which the chief merit claimed was its simplicity, failed to satisfy either the reformers or those who feared to entrust the working classes with political power.

The time seemed no more favourable for fiscal than for parliamentary reform. Armed neutrality in the face of European complications was costly. The navy was undergoing 'reconstruction,' and ironclads and Armstrong guns formed heavy items in the expenditure. The panic of French invasion entailed volunteer corps and coast fortifications. The debts of the Chinese war, which in 1858 ended in the Treaty of Tientsin, were still unpaid when another war began over the ratification of the treaty. Supplementary estimates were the order of the day.

Yet the outstanding feature of Palmerston's second administration was the series of free-trade budgets brought forward by Gladstone for carrying on the policy initiated by him as Chancellor of the Exchequer under Lord Aberdeen in 1853. His budget of 1859, owing to heavy expenditure and 'ambiguous financial conditions,' was framed only to meet current needs, but the year 1860 was 'long marked out as an important epoch in 'British finance.' Not only was it the year in which the income tax was to cease and the war duties on tea and sugar to lapse, but during its progress the 'long annuities' would fall in and release a charge of over two millions on the national debt. This sum ought not, said Gladstone, 'to be swallowed 'up in the great gulf of expenditure' when by its means the year 1860 might show 'an advance in the career of commercial improvement of the present 'reign.' The time was favourable for obtaining a reduction in the French tariff. The prohibitive system in force in France was to come to an end in 1861, but there was danger that it would be replaced by a policy of protection, unless concessions from England brought about an alteration in the direction of free trade. The saving on the Long Annuities offered a means of paying for the cost of such concessions.

Cobden, who was spending part of the winter in Paris in 1859, was allowed, at his own request, to open unofficial negotiations with the French government on the subject of a mutual reduction of tariffs.³⁴ He found a ready listener in the Emperor and a supporter in M. Rouher, Minister of Commerce. The majority of the Chamber were opposed to free trade, but the Emperor maintained that he could alter the tariff by a decree if it were made part of a treaty with a foreign power. Cobden replied that England

³⁴ The idea of a treaty with France was suggested by Bright in a speech in July 1859 (*Hansard* [3rd Ser.], clv, 190), but was not warmly received by the government. M. Chevalier, the French free trader, was, however, much impressed by it, and urged Cobden to try and convert the Emperor. In September Cobden visited Gladstone at Hawarden. The latter was inspired by the possibilities of a treaty both in the direction of tariff reform and of peace, and it was decided that Cobden should pay a visit to Paris (see Morley, *Life of Cobden* [1881], 241).

could give no exclusive privileges, but suggested that the two countries might make simultaneous reductions by a treaty if the English tariff were made applicable to all other countries.³⁵ In January 1860 Cobden and Lord Cowley were appointed plenipotentiaries and received instructions that the basis of the agreement was to be, on the side of France, a general transition from prohibition or high duty to moderate duties, and on the side of England the abolition of customs duty on French productions and a reduction of revenue duties to the lowest point possible.³⁶ In spite of the strong protective interest in France a treaty for ten years was signed on 23 January 1860. France engaged to reduce the duty on English coal and coke, bar and pig iron, steel, worked metals, tools and machinery, yarns and manufactures in flax and hemp. A more important reduction, on 'all the staples of British manufacture,'³⁷ was to come into force on 1 October 1861, when the French system of prohibition would come to an end.³⁸ The duties on manufactured goods were then to be reduced to a maximum of 30 per cent. *ad valorem*, and after 1 October 1864 to a maximum of 25 per cent. The *ad valorem* duties were to be commuted into specific duties by a separate convention. England on her part undertook to abolish immediately³⁹ all duties on manufactured goods,⁴⁰ to reduce the duty on brandy from 15s. per gallon to the level of the colonial duty and that on wine from between 5s. and 6s. per gallon to 3s. per gallon until the beginning of 1861, then to a scale fixed by the strength of the spirit contained.⁴¹ Both nations were to treat one another on 'most-favoured-nation' terms, and in order that the treaty might not violate the principles of free trade, the reductions in the English tariff were made applicable to all other countries. The concessions, said Gladstone in his budget speech, would be advantageous to England, since the removal of duties would bring down the price of articles required by the largest class of consumer.⁴² Foreign wines were being rapidly displaced by colonial wines owing to the differential duty, and the consumption of strong British wines had doubled; but the taste for port and sherry and highly brandied wines was not 'unchangeable.' On the other hand the French concessions, it was hoped, would increase our export trade to France, which was then unsatis-

³⁵ Morley, *Life of Cobden* (1903), 710.

³⁶ The correspondence and treaty are printed in the *Annual Register* for 1860.

³⁷ Including yarns, manufactures of flax, hemp, hair, wool, silk or cotton; manufactures of skins, leather, bark, wood, iron and all other metals, glass, stoneware, earthenware, china and porcelain ware.

³⁸ The prohibited articles under this system included most kinds of iron, metal wares, plated articles, manufactures of cotton, many kinds of silk goods, woollen manufactures, ships and boats, and most leather manufactures; on other goods the rates were enormous (Baines, *Hansard* [3rd Ser.], clvi, 1586).

³⁹ Immediately except in the case of cork, gloves and straw plaiting.

⁴⁰ See Buxton, *Finance and Politics* (1888), i, 197.

⁴¹ In 1843 Peel had left the wine and brandy duties unreduced in order that they might be used as instruments of negotiation.

⁴² The case of gloves was taken as a particular instance. The average value of imported gloves was from 30s. to 36s. per dozen, retail price. The duty on the lesser priced gloves was prohibitive. If this was taken off, gloves might be imported from France, Naples, Belgium and Germany at 18s., 15s., 10s., or even 6s. a dozen.

factory, considering the nearness of the two countries and the supplementary character of their resources.⁴³

The treaty was attacked by certain extreme free traders as a departure from the policy of opening our gates to foreign produce irrespective of concessions from other countries.⁴⁴ It was equally criticized as a reciprocity treaty. Articles of luxury were to be cheapened, while tea and sugar remained dear and the income tax high ; ⁴⁵ but France was to have free coal added to free machinery for her rival industries. A 'horrid phantom' was raised by the fear of the consequences of binding ourselves not to forbid the export of coal in case of war.⁴⁶ It was pointed out, however, that by the most-favoured-nation clause no prohibition could be made that did not apply to all other nations ; it was not likely therefore that England would forbid the export of coal except in circumstances of extreme necessity, while the breaking of a commercial treaty would not add much to the inconvenience of war.⁴⁷ The French 30 per cent. maximum was also attacked as prohibitory, and complaints were made by the silk, cork and paper trades that import duties on manufactured goods were reduced without any consideration of the export duties on raw materials imposed by other countries. A deficiency of £12,000,000 was freely prophesied for 1861.

The treaty, however, was being negotiated at a time when the relations between Great Britain and France were considerably strained owing to the intended annexation by France of Nice and Savoy. The treaty, so Gladstone thought, was the only sedative to the warlike feeling and the panic of invasion ; 'it is, in fact, a counter-irritant, and it aroused the sense of commercial interest to counteract the war passion. It was and is my opinion 'that the choice lay between the Cobden treaty and not the certainty, but 'high probability, of a war with France.'⁴⁸ But the real point of significance of the treaty was its introduction of two new methods in our commercial policy. The first of these was the relaxation of tariffs by means of treaties, a system which greatly increased in the next few years, and the second the adoption of the most-favoured-nation clause, 'the sheet anchor of free trade.' Although Gladstone was keenly in favour of this treaty, he confessed he had no intention of promoting tariff treaties generally. But the principle being once introduced spread automatically. By the most-favoured-nation clause each of the two high contracting powers engaged 'to confer on the other any favour, privilege or reduction in the tariff of duties of importation on the

⁴³ Under the treaty the goods from the colonies of each country might be imported from that country, but not directly from the colonies, except in the case of Algeria. The exclusion of the colonies, said Gladstone, was a practical testimony to their liberties. Canada had lately raised her duties on manufactured goods, 'it was thought as protective duties against British manufactures. The government therefore could scarcely stipulate on behalf of Canada' (*Hansard* [3rd Ser.], clvi, 1971).

⁴⁴ Earl Grey (*ibid.* 16).

⁴⁵ See debate on Ducane's resolution, *ibid.* 1475.

⁴⁶ See debates in both Houses (*ibid.* clvi, 957, 1106). Coal had not yet been positively declared contraband. The question of the exhaustibility of coal was also discussed (*ibid.* clvii, 247).

⁴⁷ Lord Wodehouse (*ibid.* clvi, 1113).

⁴⁸ Morley, *Life of Gladstone*, ii, 23, quoting from an undated memorandum.

articles mentioned in the present treaty which the said power may concede to any third power.' Thus each new point gained in any one negotiation 'became a part of the common commercial system of the European confederation.'⁴⁹

The cost of the treaty to the revenue Gladstone calculated at £1,190,000. Besides the treaty reductions he proposed to abolish the duties on butter, eggs, cheese, oranges, lemons, nuts, nutmegs, paper and tallow, and to reduce the duties on timber⁵⁰ (the chief differential duty remaining on the tariff), dried fruits and hops, and to substitute a customs duty of 3s. per bushel for the prohibition on malt. The £910,000 required for these reforms would be raised by a duty on chicory and other small charges. The remaining £1,000,000 from the Long Annuities would be used for a remission of the excise duty on paper, which had been condemned by the Commons in 1858. The total relief to the consumer was calculated at £3,931,000.⁵¹ At the same time Gladstone, instead of abolishing the income tax, reimposed it at 10d. to meet the deficit of nine to ten millions which appeared on the face of his budget, the reimposition being, he said, in fact necessitated by a growth of expenditure of over £14,000,000 since 1853;⁵² to balance the direct taxation he reimposed the tea and sugar duties at the old rate. After these changes only forty-eight articles were left on the tariff,⁵³ and all the protective duties had been abolished except small charges on timber and corn.⁵⁴ The measure was the logical development of free trade in corn.⁵⁵ It was an 'agricultural rather than a commercial budget'; it gave the British farmer the opportunity of buying in the cheapest market as a compensation for the competition to which he was exposed.⁵⁶ The low duty on light wines was designed to introduce the use of wine to classes for whom the duties had been prohibitory.⁵⁷

The real fight over Gladstone's 'bold experiment on the country'⁵⁸ was, however, reserved for the paper duty. The French treaty undoubtedly

⁴⁹ Morley, *Life of Cobden* (1881), ii, 342. On the other hand compare the criticism of the treaty by Lord Farrer (Sir Thomas Farrer, Permanent Secretary of the Board of Trade 1865-86, described by some of his friends as the last of the Cobdenites, the only surviving unimpaired specimen of the Manchester school [*Times* obituary notice, 13 Oct. 1899]), writing in 1881: 'If the separate action followed by us from 1840 to 1860 was not successful in making other nations reduce their duties, I think we must admit that neither has the treaty system adopted in 1860 been followed by unalloyed success, whilst it has certainly set men's minds in a wrong direction. In making this reference to the French treaty of 1860, I do not wish to be understood as saying that the balance of results, even in an economical point of view, has not been good. I only say that there have been large drawbacks' (Farrer, *Free Trade versus Fair Trade* [1882], 133).

⁵⁰ From 7s. 6d. and 15s. to the colonial rate of 1s. and 2s.

⁵¹ With deductions for increased consumption and the saving on establishments Gladstone reckoned the loss to the revenue would be £2,108,000, a sum about equal to that derived from the Long Annuities.

⁵² The estimated expenditure for 1860 was £70,100,000.

⁵³ In the other House, where 'many of the noble lords' hair was standing on end' at such a narrowing of the 'basis of taxation,' the Duke of Argyll pointed out the care with which Gladstone had revised the tariff. Out of 420 articles on the tariff in 1858 nearly the whole revenue was raised from eleven. Gladstone had struck off the unproductive duties, retained those which paid, and built up others (e.g. coffee) which were likely to pay. Of those eleven duties he had taken off two of the smallest, butter and silk (*Hansard* [3rd Ser.], clviii, 1513).

⁵⁴ Gladstone (budget speech) (*ibid.* clvi, 868).

⁵⁵ Milner-Gibson (*ibid.* 1760).

⁵⁶ *Ibid.*

⁵⁷ Gladstone (*ibid.* 1842).

⁵⁸ Whiteside (*ibid.* 1646).

opened up a new market for all the great industries of the northern and midland counties,⁵⁹ where for the most part our manufacturers were too well 'naturally protected' at this period to fear competition in the home market. But the removal of the paper duty affected one of those interests which were in the hands of capitalists, who wished to preserve their monopoly and were 'all for free trade for the rest of the world and protection for themselves.'⁶⁰ Gladstone urged the remission of the duty on the ground that a village industry might be revived,⁶¹ with an increased demand for rural labour. The opposition was led by Sir William Miles, who argued that the cost of remission had to be paid by the additional penny on income tax. Disraeli complained that the decision of the House on the 'immense scheme relating to the commerce and finance of the country' had been made 'under the terrorism of 'the Chancellor of the Exchequer,' who rose 'like a dictator and a despot' if anyone asked for the fair opportunities for discussion allowed by parliamentary precedent.⁶² The Bill was passed, but the government majority fell to nine. In the House of Lords the Duke of Argyll, in a general defence of Gladstone's policy, dissociated the government from those 'irresponsible supporters' who defended the budget on the principle of breaking down the system of indirect taxation and unduly burdening property.⁶³ The income tax, he admitted, could not safely be maintained at so high a rate in time of peace except to meet a deficiency or to promote commercial reforms. He described the paper duty as standing in the same category as the excise duties on soap, glass and bricks, the only remaining duty of the class.⁶⁴ The Opposition, however, had called up 200 'unknown politicians'⁶⁵ to oppose the second reading of the Bill. They stood on the right of the Lords to reject a money Bill, and threw it out by a majority of eighty-nine, to rebuke Gladstone's policy of 'increasing a deficiency.'⁶⁶

The rejection of the Paper Duty Bill necessitated, under the provisions of the 7th Article of the French treaty, a reduction of the customs duty on paper to the level of the excise duty. This measure, completing the policy of parting 'in every case with every vestige of protection,' afforded a further test of the 'real opinion of the House of Commons on the present system of 'commercial legislation.' The question was 'a touchstone to the professions 'both of the old and of the new friends of free trade.' On both sides of the House there were 'free traders in general, protectionists in particular,' who entertained those 'originally respectable' but 'now chimerical' apprehensions of ruin to be brought on some particular industry by free trade.⁶⁷ It was

⁵⁹ See Baines (*Hansard* [3rd Ser.], clvii, 131).

⁶⁰ Milner-Gibson (*ibid.* 181).

⁶¹ Cf. Maguire, member for Dungarvan, who on the second reading of the Bill quoted a passage from the *Times* on the revival of 'small mills in the quiet valleys,' so like the words used by Gladstone in his budget speech that he wondered if the Chancellor of the Exchequer had 'borrowed his thunder from the Thunderer.' Maguire maintained that Ireland was particularly suited for the manufacture of paper, having cheap labour, plenty of raw material and streams of pure water (*ibid.* clvii, 378). Cf. Pollard Urquhart on Ireland's undeveloped water-power (*ibid.* clxii, 931).

⁶² *Ibid.* clviii, 962.

⁶³ See p. 189 as to term 'property.'

⁶⁴ *Hansard* (3rd Ser.), clviii, 1507.

⁶⁵ Bright (*ibid.* clix, 1581).

⁶⁶ Whiteside (*ibid.* 1444).

⁶⁷ Gladstone (*ibid.* clx, 698).

the 'last time,' said Gladstone, with regard to the whole question of protection; with the exception of one or two nominal duties the British tariff had attained a normal state as far as equality between the domestic and foreign producer was concerned.⁶⁸ In this case the 'protectionists in particular' took their stand on the ground of 'equitable adjustment.'⁶⁹ Free competition, said the opponents of the measure, was no longer applicable when other countries retained their export duties on the raw material.⁷⁰ If the foreign stores of raw material were thrown open to the British manufacturer, he might be subjected to competition with all the world.⁷¹ The question, as Disraeli put it, was not the principle of unrestricted competition, but the application of it; it should be adjusted according to the circumstances of trade and regulated in accordance with the conduct of foreign governments.⁷² Finally the resolution was carried by a majority of thirty-three, and the paper trade was opened to foreign competition.

In introducing the budget of 1861 Gladstone remarked that the retrospective part of it was the only unfavourable statement of account it had ever been his lot to lay before the House. Taxation and expenditure had never been higher except in the case of a European war, and the successive seasons had been the worst experienced for fifty years. Moreover, the year compared unfavourably with 1853, when a remission of taxation had also been followed by a bad harvest, showing, he thought, that the expenditure of the last eight years had absorbed the savings of the nation and diminished the elasticity of the revenue. The marked increase in the import of certain articles on which the duty had been abolished proved, however, that those duties had restrained trade and consumption.⁷³ A 'true basis of solid revenue' was extension of trade; and apart from the alterations in the French tariff, the results of which could not yet be foreseen, the treaty had added £9,000,000 to the trade of the country. To meet the charge of the coming year Gladstone doubled the duty on chicory, renewed the income tax at 9*d.* and reimposed the duties on tea and sugar. Adding the indemnity from China he obtained a balance of nearly £2,000,000, 'too large to keep in hand,' and with this he again repealed the paper duty. He had no objection, he said, to the issue raised by the Opposition that the extra penny on income tax last year was to pay for the paper duty. He held that the remission of indirect taxation during the last twenty years had knitted together the

⁶⁸ *Hansard* (3rd Ser.), clx, 698.

⁶⁹ A quotation from Lord John Russell's instructions to Lord Cowley, 17 Jan. 1860 ('an equitable adjustment of burdens as between commodities that more or less directly compete in the general market').

⁷⁰ Sir H. Cairns (*Hansard* [3rd Ser.], clx, 755). Cf. debate on the same subject in 1861, when the doctrine was advanced that free trade meant that all parties should get the raw material free or on equal terms (Liddell, *ibid.* clxii, 1789).

⁷¹ Norris (*ibid.* clx, 783). 'Paper,' said Cobden, 'has no more claim to protection than corn. We have adopted the inflexible principle not to regard the cost of production; we claimed the right of importing all productions, and the cheaper they were produced the more we insisted on it' (*ibid.* clxiii, 305).

⁷² *Ibid.* clx, 796.

⁷³ Butter, cheese, eggs and rice were the articles he instanced. The large importation of grain this year was due to the bad season, and no doubt the importation of these articles was affected by the same cause.

interests of all classes of the community ; the work of Parliament, however, was not to destroy indirect taxation but to increase its productiveness.⁷⁴

In announcing his surplus Gladstone remarked that he seemed to 'hear' a loud crash somewhere in the distance, a great downfall of prophecies, 'predictions, etc., of which the crop last year, though a bad season for other products, was most abundant.'⁷⁵ The Commons, in fact, found it difficult to cope with Gladstone's financial imagination. At first they were unable to decide whether a surplus existed or whether it was the 'visionary surplus of a poetic mind.'⁷⁶ The leaders of the Opposition having grudgingly admitted an artificial surplus created by 'renewing war taxes,' the application of it was next criticized, but with some lack of agreement among the advocates of income tax, tea, sugar, malt and Exchequer bonds. Bernal Osborne prophesied that the penny on income tax thrown to the country gentleman 'would float the budget.'⁷⁷ But the Conservatives thought a penny war duty a miserable remission when the Chancellor of the Exchequer was renewing the income tax which had 'ceased to exist.'⁷⁸ Bright thought the 'intense preference of the Opposition for tea and sugar' could scarcely be due to a greater sympathy with the poor than his own,⁷⁹ since he had spent the five best years of his life in obtaining untaxed bread and butter. He himself preferred the abolition of the paper duty because it would open up trade and relieve industry ; at present the paper manufacturers had to have double capital to cover the cost of the excise and the insurance on the risk run in paying it. The monopoly of the great manufacturers was destroying the fair competition of free trade.⁸⁰

The resolutions on the income tax and tea and sugar duties and the repeal of the paper duties having been passed, a Bill was brought in to bring all the resolutions under the view of the House at once, as the 'plan best adapted for this House as the branch of legislature exercising peculiarly a financial control.'⁸¹ The Bill was passed by the Lords with a protest, and the government were enabled to 'raise £69,000,000 without recourse to a single protective tax to serve the interest of the producer at the cost of the consumer.'⁸² It was the 'conclusion of our commercial legislation, not a dangerous innovation' ; the advantages of free trade were an 'established fact resting on the solid proof of a happy experience.'⁸³

⁷⁴ *Hansard* (3rd Ser.), clxii, 544 *et seq.*

⁷⁵ *Ibid.*

⁷⁶ Lord R. Montagu (*ibid.* clxii, 913). The problem, said Whiteside, was 'given a deficit, with declining trade, doubtful prospects, and a reduction of permanent revenue, you are to find a surplus. The Chancellor of the Exchequer, with the boldness of a man of genius and the skill of a practised hand, proceeded to find his surplus in China' (*ibid.* clxii, 1117). The government proposals were too much 'in the spirit of the eminent financier who had

"Run in debt by disputation
And paid by ratiocination"

(Lygon, *ibid.* clxiii, 109).

⁷⁷ *Ibid.* clxii, 602.

⁷⁸ Lord Claud Hamilton (*ibid.* 1590) ; Sir James Fergusson (*ibid.* 1262).

⁷⁹ Cf. Viset. Ingestre (*ibid.* 1102).

⁸⁰ *Ibid.* 1253-4.

⁸¹ Gladstone (*ibid.* 1590).

⁸² Duke of Argyll (*ibid.* clxiii, 731).

⁸³ Gladstone (*ibid.* 317).

Gladstone's later budgets were all designed with the object of completing his free-trade policy by the removal or reduction of the remaining duties on the tariff. In 1862, having only a nominal surplus, which in the face of events in America he could not increase by taxation, he commuted the hop duty for a readjusted scale of brewers' licences. In 1863 a surplus of nearly £4,000,000, obtained by a substantial reduction on the war services, enabled him to reduce the duty on tea to a shilling and to reduce the high duties on foreign manufactured tobacco. In the following year he remitted the duty on malt used for feeding cattle, the 'first legislative measure favourable to the agricultural interest for thirty years.'⁸⁴ With a surplus of two and a half millions he also reduced the sugar duties, retaining the system of classified duties marking the degree of manufacture, which had been adopted at the Paris International Conference, but lessening the intervals of duty at the upper end of the scale for the sake of the better unrefined sugars and establishing a new class at the bottom to meet the excluded lower sugars, the general result being to reduce the duty a shilling lower than it had stood during the century. On 8 November 1864 a sugar convention was signed between Great Britain, France, Belgium and Holland to establish a uniform practice with regard to sugar duties.⁸⁵ To carry this into effect a Bill was passed in 1865, which reduced the drawback on refined sugar to a scale more strictly in accordance with the import duty, and removed the element of bounty in the English system complained of by France and Holland. The duty on tea was reduced to 6*d.* in 1865, and the income tax, which had been reduced to 7*d.* in 1863 and to 6*d.* in 1864, was brought down to 4*d.*, the lowest at which it had ever stood.⁸⁶ In 1866 the first budget of the new Parliament and the last of the series inaugurated by Gladstone in 1859⁸⁷ completed his fiscal policy by repealing the duty on timber, which, except for the fact that it was low, was, he said, 'as bad a duty as could be, being levied for 'protective purposes on a raw material much needed by the country.' He also equalized the duty on wine in bottle and in wood, in accordance with the terms of the treaty of 1865 with Austria. He abolished the duty on pepper, with the object of preventing adulteration, and reduced the tax on post-horses, carriages and hackney vehicles. By 1865, the last year of Lord Palmerston's administration, the expenditure had been reduced to about £66,000,000, or £3,000,000 lower than it stood in 1859 and £6,000,000 lower than in the highest year, 1860, though it was still higher than in 1858, before the reconstruction of armaments began. The rate of annual growth of revenue for those years,

⁸⁴ Sir Fitzroy Kelly, champion of the repeal of the duty (*Hansard* [3rd Ser.], clxxiii, 226). But the Bill was also greeted as 'a sop to close the mouth of the farmer' (R. Long, *ibid.* 694).

⁸⁵ The convention was ratified 5 July 1865. It provided for the regulation of import duties by the amount of sugar yielded by the raw material. Experiments were to be made by the four powers to determine the yield of the different raw sugars.

⁸⁶ At £5,200,000, said Gladstone, they were handing over the income tax to the new Parliament at an amount which could be conveniently dealt with, either by extinction of the tax or by keeping it at 4*d.*, the rate 'most justly and wisely retained in time of peace.'

⁸⁷ For a review of his policy see Buxton, *Finance and Politics* (1888), i, 346, and for a description of his budget speeches, Buxton, *Mr. Gladstone as Chancellor of the Exchequer*, 63.

during which £7,383,000 of taxes had been imposed and £13,520,000 repealed, was £1,780,000.⁸⁸

By 1865 nearly all the provisions of the working classes were untaxed—clothing, from raw material to manufacture, was free; 'shelter and fuel free.' Out of an average expenditure of £70,000,000 it was estimated that £30,000,000 was raised by direct taxation, £26,000,000 from taxation on stimulants and £12,000,000 only from articles of consumption which formed the comforts of the working classes.⁸⁹

The effect of the freeing of trade under the French treaty had been that by 1863 the export of British goods to France had doubled⁹⁰ and the export of foreign and colonial produce nearly trebled.⁹¹ In woollens particularly the void in the trade with the United States due to the American Civil War was filled by the exports to France,⁹² a branch of trade which, as Gladstone said in 1862, seemed to have been created by the treaty.⁹³ The increase of exports after the remissions of 1863 was as striking as after the remissions of 1860.⁹⁴ As regarded imports, the increase in wines from Portugal between 1859 and 1864 was 25 per cent., from Spain about 70 per cent., from France 230 per cent., while the import of wines from the Cape, on which the high customs duty on foreign wines had acted as a bounty, had decreased.⁹⁵ There was a remarkable increase in the export of cotton and linen goods from France, after this industry had been 'ruined' for four years by British competition. The combined exports to England of woollens, linens, cottons, yarns, metal goods, earthenware, salt, glass and fish had increased nearly threefold by 1866.⁹⁶ In other directions Gladstone pointed to the effect of remission as a triumph of his policy. After the removal of the paper duty there was a large increase in the importation of foreign paper and of raw material. The price was reduced, production cheapened, the export trade increased,⁹⁷ and the fact that the diminution in the number of papermakers had ceased was pointed to by Gladstone as some vindication of the 'rural manufacture' prophecies, over which there had been 'a good deal of good-humoured banter.'⁹⁸ The lowering of the tobacco duties resulted in an increase of legal trade with no diminution in the home manufacture; the effect of the reduction on tea was increased consumption and revenue and a lower price.⁹⁹ In 1865 there was a surplus

⁸⁸ Gladstone (*Hansard* [3rd Ser.], clxxvii, 1093).

⁸⁹ Laing in 1865 (*ibid.* clxxxi, 1098).

⁹⁰ *Ibid.* clxx, 240.

⁹¹ *Ibid.* 241.

⁹² *Ibid.*

⁹³ *Ibid.* clxvi, 463.

⁹⁴ *Ibid.* clxxiv, 549.

⁹⁵ *Ibid.* 559.

⁹⁶ Gladstone (*ibid.* clxxxiii, 378).

⁹⁷ In 1864 and 1865 Maguire, member for Cork City, voiced the bitter complaints of the papermakers as to the ruin which had befallen them owing to the removal of the customs duty whilst the foreign export duties on rags remained in force. He admitted, however, that manufacturers were exporting 'to find a new market,' and that they were increasing their output in order to reduce their fixed charges. Milner-Gibson pointed out that the government had succeeded in obtaining some concessions from foreign countries, that Russia had reduced its duties a little, that Norway and Sweden had abolished theirs, that France, Belgium, Holland, Naples, Sicily and Turkey had reduced their duties since 1859 and that the Zollverein would make reductions in July 1865 (*ibid.* clxxvi, 1711; clxxix, 745).

⁹⁸ Gladstone (*ibid.* clxxiv, 559, 561). A subject on which he had abstained from opening his lips for three years.

⁹⁹ *Ibid.* 551.

on 'every material head of the revenue,' and particularly in the branch of excise. Although the consumption of spirits had not realized expectations in previous years, the returns of the customs duties on both malt and spirits were above the estimated amount; the returns on foreign corn were below.¹⁰⁰ The loss by the reduction on the sugar duties was less than had been estimated.¹ A penny of income tax was reckoned in 1866 to produce £1,400,000 instead of £1,000,000 as in 1859, a sure proof, said Gladstone, of advancing prosperity.² Tested by the commercial panic of 1866, the trade of the country stood firm.³

The commercial treaty with France was completed by two separate conventions signed 12 October and 16 November 1860.⁴ On the whole the duties fixed did not average more than 15 per cent.; but on a large number of goods the duties remained *ad valorem*.⁵ The belief that the French treaty would induce a revision of European tariffs⁶ was partly justified by events. Between 1861 and 1865 a noticeable movement towards the reduction of import duties was made by the chief countries of Europe. England, having given away most of her international weapons in order to 'obtain the benefit of 'unrestricted competition,'⁷ found it 'undesirable to make further tariff 'bargains.'⁸ It was left to France, who still had the power of making offers, to be pioneer in the path of commercial reform;⁹ whilst other countries were anxious to secure the advantages granted by France to Great Britain and to find compensation for the loss occasioned by the Morrill tariff.¹⁰

In 1861 a treaty was negotiated between France and Belgium, by which the Belgian tariff was reduced in favour of France in return for concessions similar to those made to England. This treaty, with its mutual reduction of tariffs and its most-favoured-nation clause, was the model on which most of the other continental treaties were framed. After prolonged negotiation a treaty of commerce and navigation was signed, 23 July 1862, between England and Belgium, in whose market England had before been at a disadvantage as compared with France. This gave England the advantages of the reductions of the Franco-Belgian treaty, amounting on English goods to an average reduction of 50 per cent. The duties on textiles, which had ranged as high as 30 per cent., were reduced by one-half. Tonnage, pilotage and differential dues on goods carried in British ships were abolished; and it was provided that the coasting trade of the two countries should be reciprocal. Belgian goods entering the colonies were assured similar treatment to goods of British origin.

In 1863 a treaty of commerce and navigation with Italy gave England

¹⁰⁰ *Hansard* (3rd Ser.), clxxviii, 1089.

¹ *Ibid.* clxxxiii, 370.

² *Ibid.*

³ *Ibid.* clxxxiv, 1756.

⁴ The conventions and tariffs are printed by Hertslet, *Complete Collection of Treaties*, xi, 183. The texts of all the treaties mentioned below are given in Hertslet's collection.

⁵ See Fuchs, *Trade Policy of Great Britain and her Colonies*, 26. Only on some meta products was the level of 30 per cent. reached (P. Ashley, *Modern Tariff Policy*, 364).

⁶ Lord Granville (*Hansard* [3rd Ser.], clxi, 39).

⁷ Disraeli (*ibid.* clxix, 439).

⁸ *Ibid.* 1110.

⁹ P. Ashley, *Modern Tariff History*, 41, and see below, pp. 240-1.

¹⁰ *Ibid.* 1110.

under the most-favoured-nation clause, the benefit of the tariff reductions made in a treaty between France and Italy concluded earlier in the year. The reductions obtained by France (on silks, chemicals, glassware, etc.) were not, however, those most to the interest of English trade, and the chief advantage to England was the introduction of an *ad valorem* duty on woollens. More important benefits were obtained by a reduction in restrictive tariffs under a treaty between France and the Zollverein in 1862, by which Germany abolished most of her export duties, reduced others, including those on paper-making materials, abolished her import duties on all raw and semi-manufactured materials and lowered the duties on manufactured goods.¹¹ The extension of the treaty to England indicated a deliberate free-trade policy on the part of Germany, dictated by her desire to obtain the English grain market for her agriculturists and English yarns for German weavers.¹² The only concession made by England was a clause in the treaty forbidding prohibition of the export of coal or the levying of any export duty on it.¹³ The provisions of the treaty were extended to the colonies: differential import duties on produce from the Zollverein entering British colonies were prohibited, as were differential duties on goods exported from the colonies to the Zollverein. The treaty was to come into force on 1 July 1865 and to last twelve years. On 16 August 1865 a treaty of navigation with Prussia gave 'national treatment' to the ships of both nations.

In Austria, where a high protective tariff reigned, a free-trade movement was encouraged by delegates from English chambers of commerce. Commissioners were sent to Vienna to inquire into the working of the tariff, and their efforts were finally crowned by the conclusion of a treaty, signed 16 December 1865. This treaty placed the commerce of each country on the most-favoured-nation footing and reduced the customs duties on British produce and manufactures from 1 January 1867 to a rate not exceeding 25 per cent. *ad valorem* and from 1 January 1870 to a maximum rate of 20 per cent., with the exception of certain articles, including the State monopolies of tobacco, salt and gunpowder. England, who in this case preceded France in the negotiation of a treaty, engaged to abolish the import duties on timber and to equalize the duties on wine in bottle and wood. The Austrian export duty on rags was to be abolished, also the import duty on salted herrings. The treaty was arranged to last for ten years, and then, failing notice of expiry, from year to year. A further convention between Great Britain and Austria in 1869 assimilated the import duties on British produce and manufactures to the rates of duty agreed on between the Zollverein and Germany by a treaty of 1868, with a special and more favourable rate for British cotton and woollen goods. A treaty of navigation was also concluded in 1868, which placed the shipping of each country on an equal footing.

¹¹ P. Ashley, *op. cit.* 47. This treaty with France, dictated by the anti-Austrian policy of Prussia, was made a condition of the renewal of the Zollverein. It was rejected at first by the Southern States, and did not come into force until about three years later.

¹² P. Ashley, *op. cit.* 38.

¹³ See Milner-Gibson (*Hansard* [3rd Ser.], clxxx, 46).

Thus, starting from the Anglo-French treaty of 1860, a network of treaties was formed, whose effect was to lower tariffs throughout the greater part of Europe.¹⁴ These treaties, although condemned by the extremists of the *laissez-faire* doctrine, were popular among the commercial classes, who thought that the government 'should do all in its power to develop the 'principle of free trade in foreign countries.'

Commercial opinion was becoming increasingly articulate through the Associated Chambers of Commerce,¹⁵ whose first congress was held in 1860. The opinion of the chambers was against relying solely on the most-favoured-nation clause. They wished for 'direct provision for the special 'resources, industries and trade of this country,' and urged the government to obtain in future treaties reciprocal treatment for imports. In the House of Commons, W. E. Forster, member for Bradford, took the occasion of a memorial to the government from the chambers of commerce to press the importance of more direct intercourse between manufacturing interests and the Foreign Office and of closer communication between the Foreign Office and the Board of Trade. The Foreign Office was awakening to the importance of better trade relations. Consuls abroad were instructed to report on trade and commerce, and secretaries of embassies were made responsible for supplying annual reports on commerce and finance ; all changes in foreign tariffs were also to be notified by the British representative.¹⁶ Such communications were transmitted to the Board of Trade for advice or publication. There was, however, no department at the Foreign Office specially concerned with foreign trade. Correspondence with the Board of Trade was carried on by one of the Under-Secretaries, and the advice of the Board was invited or followed at the discretion of the Foreign Secretary. There was no official to whom the representations on foreign trade could be made or questions in Parliament addressed. On the recommendation of a committee appointed in 1864¹⁷ a division of the Foreign Office under the immediate supervision of the Parliamentary Under-Secretary¹⁸ was created to conduct all commercial correspondence with English missions, representatives of foreign powers in England, the Board of Trade and commercial associations, and to deal in conjunction with the treaty department with all matters respecting negotiations for treaties of commerce. Improvements in the consular service were also carried out by Lord John Russell in accordance with some of the

¹⁴ See *Commercial Treaties*, by a disciple of Richard Cobden (1870), 20 ; Bastable *The Commerce of Nations* (ed. 6), 89.

¹⁵ Chambers of commerce were established in France by royal ordinance in 1700 and are there subsidized and controlled by the government for collecting commercial information, etc. Other continental chambers were modelled on the same lines. In Great Britain, her colonies, and the United States, however, the chambers of commerce are entirely independent of the government and are maintained by the subscriptions of members. The first chamber established in Great Britain was founded at Glasgow in 1773 (Introd. to *The Commercial Year Book of the Birmingham Chamber of Commerce*, i, by Prof. W. Ashley).

¹⁶ Cf. Layard (*Hansard* [3rd Ser.], clxxiv, 1099).

¹⁷ *Ibid.* 1083. For report see *Parl. Accts. and Papers*, 1864, vii, 279. A great deal of evidence was taken as to the working of the two departments in regard to the framing of the Belgian and Italian treaties.

¹⁸ *Hansard* (3rd Ser.), clxxvii, 1878.

recommendations of the committee of 1858. Fees received were made payable to the Treasury and allowances to consuls substituted. Unnecessary consulships were abolished; in other cases salaries were increased, and liberty to engage in commerce was restricted to consuls at places with a small trade where the salary was insufficient to support them.¹⁹ It was Cobden's opinion that diplomatists abroad needed to read Adam Smith and Gladstone's speeches and to be examined in the commercial policy of the last twenty years. A free-trade minister at St. Petersburg might, he thought, effect the reform of the Russian tariff, 'which would be like the discovery of a gold mine at St. Petersburg.'²⁰

Besides the other European treaties England 'on her own initiative' negotiated a treaty with Turkey in 1861, by which she obtained, besides most-favoured-nation treatment, an immediate reduction of Turkish export duties to 8 per cent. *ad valorem*, with further annual reduction until they reached a fixed duty of 1 per cent. *ad valorem*. The Ottoman government also engaged not to prohibit the importation of any British goods (except tobacco and salt)²¹ and to levy no higher rate than a fixed 8 per cent. *ad valorem*.²² Equal treatment for goods carried in the ships of either nation was assured and equal treatment as regarded tonnage dues. Transit duties through the Turkish dominions were also reduced. The treaty, if notice of expiry were not given at the end of fourteen or twenty-one years, was to remain in force for twenty-eight years.²³

The trend of commercial activity outside of Europe during these years was chiefly to the east and south. By the treaty of Tientsin in 1858 the opening up of the interior of China to British trade had been conceded, as well as increased access to the coast, but armed opposition had to be overcome before the treaty was finally ratified on 24 October 1860. On the same day the treaty of Peking was signed, by which the port of Tientsin was opened to British trade. The residence of a British minister at Peking greatly facilitated intercourse between the two nations. The British minister was able to make an agreement for the immediate opening of two ports on the Yang-tze-kiang, and the river was opened by Admiral Hope in March 1861.²⁴ Another concession obtained from the Chinese government was the carrying trade in pulse and bean-cake, which formed a considerable item of commerce between the north and south of China.²⁵ In February 1861 Lord John Russell informed the House that the trade begun in conformity with the new tariff was proceeding to the satisfaction of English, French and Chinese.²⁶ The general principle of

¹⁹ *Hansard* (3rd Ser.), clxi, 809; clxiv, 1075.

²⁰ *Ibid.* clxiv, 1115. It is noticeable that in the revised regulations for examination of attachés issued by the Foreign Office in 1865 a knowledge of political economy, to be acquired from the *Wealth of Nations* and Mill's *Political Economy*, was necessary for a commission as second secretary.

²¹ The export duties were taken off these articles.

²² This was a slight increase on the old rate, which was set off by the large reduction on the export duties.

²³ Layard designated the treaty a continuation of the liberal commercial policy which had always characterized Turkey.

²⁴ S. Lane Poole, *Life of Sir Harry Parkes*, i, 406, 408.

²⁵ *Hansard* (3rd Ser.), clxxii, 305.

²⁶ *Ibid.* clxi, 417.

the new tariff was a duty on imports and exports not exceeding 5 per cent. *ad valorem*; the duty on imported opium was 8 per cent.²⁷ In 1861 also communication between China and India was obtained under a treaty with the Rajah of Sikkim, who consented to the opening of a road through Sikkim into Thibet and the passage of goods duty free.²⁸

Our commercial relations with Japan under the treaty of 1858 were impeded by the exclusive court party in Japan. Difficulties also arose owing to the draining of the Japanese market of gold, which, having a lower silver value in Japan than in Europe, was exported by British merchants to Britain. At first also there was little demand for British manufactures, Japanese products being almost entirely paid for in silver.²⁹ In October 1863, after demonstrations of force against two of the hostile chieftains, the government at Yedo intimated that it might be possible to obtain the ratification of the treaties by the Mikado,³⁰ which would mean the removal of the last barrier to foreign intercourse. After some further delay the Mikado's decree approving the treaties was transmitted to the representatives of the treaty powers on 25 November 1865.

In the following year a convention between Japan and the treaty powers modified the tariff of import and export duties on the desired basis of 5 per cent. To overcome the currency difficulty, the Japanese government undertook that foreign gold and silver should be exchanged into native coin of the same intrinsic value. Provision was also made for the establishment of bonded warehouses, and all restrictions on free commercial intercourse were removed. The ports of Osaka and Hiogo were opened to British trade on 1 January 1868, and on 22 May Sir Harry Parkes presented his credentials to the Mikado.

The depression of the European silk trade caused by silkworm disease had led manufacturers to seek a new source of supply in the East. From 1862 the export of Japanese silk rapidly increased. The capacity of the silk for taking a large quantity of dye made it useful for the manufacture of black goods, and in some ways it proved superior to the products both of China and Bengal. Raw cotton was exported from Japan first in 1863, to meet the European demand on the failure of the American supply. The cotton was of good quality, selling at a considerably higher price than Chinese cotton.³¹

In 1865 a treaty was concluded with Madagascar. The island had been reopened to European trade after the death of Queen Ranavalona I in 1861, but her successor, Radama II, had made grants of lands and exclusive mining rights to certain French agents. Queen Rasokerina, however, withdrew from this engagement and subsequently concluded treaties on similar terms with

²⁷ Boulger, *Hist. of China*, ii, 304.

²⁸ See *Hansard* (3rd Ser.), clxii, 1854; clxiv, 1520. Communication through Thibet with Central Asia was valuable for the woollen trade (W. Ewart, *ibid.* clxiv, 1537).

²⁹ Lord J. Russell (*ibid.* clviii, 681).

³⁰ S. Lane Poole, *Life of Sir H. Parkes*, ii, 31, 45.

³¹ See dispatch from the *chargé d'affaires* at Yokohama, 11 Sept. 1863, in *Chinese and Japanese Repository*, i, 276.

Great Britain, America and France.³² By the treaty of 1865 British subjects obtained liberty to trade in all parts of the island, except the three sacred cities, and were assured most-favoured-nation treatment. The Queen engaged to receive a British agent at her capital and to allow consuls to reside in her dominions. Duties were not to be higher than 10 per cent. *ad valorem*. Provision was also made for the suppression of piracy and the slave trade.

On the west coast of Africa a British squadron was engaged in suppressing the slave trade. The complementary policy of opening up legitimate trade was meanwhile being carried out by British representatives. In 1851 a consul had been appointed at Lagos, a position commanding the outlet of many miles of river and lagoon,³³ and the chief was induced in 1861 in return for a pension to cede the port and island of Lagos.³⁴ This new acquisition was valuable from a commercial point of view on account of its great facilities for the cultivation and manufacture of palm oil,³⁵ and of the extensive water communication by the lagoon.

The opening up of the Niger to commerce, thus 'striking the slave trade at its roots,' was again occupying the attention of traders and explorers. After the wreck of the *Pleiad*, the exploring vessel in the second Niger expedition of 1857, the commander, Dr. Baikie, bought a site at Lukoja, at the confluence of the Benue and Niger, and established a trading settlement there. The King of Nupe, being desirous of a market for European produce, agreed to open up roads for the passage of caravans. In 1861 traders were beginning to come from Kano, Kabbi, and other parts of Hausa, and Baikie hoped he might secure a commanding position in Central Africa for England.³⁶ But in 1864 he died of fever at Sierra Leone, and the British consulate at Lukoja was abolished two years later.³⁷ A contract for annual voyages up the river was undertaken by McGregor Laird, the originator of the *Pleiad* expedition, and his vessels made repeated ascents of the river, establishing trading stations at the confluence of the Niger and Tchadda and lower down the river.³⁸ Between 1860 and 1863 several trading treaties were made with chiefs along the Niger and at its mouth. The contract with Laird ended with his death in 1861. A renewal of the subsidy on the same terms was applied for by the Company of African Traders, whose chairman, J. A. Tobin, stated before the Committee on the West African settlements in 1865 that trade on the Niger had ceased, although there were still large opportunities. The Treasury, however, refused to grant a subsidy.³⁹

Further east, at Fernando Po in the Bight of Biafra, a consul was

³² America, 1866, and France, 1868. France apparently wished for more favourable terms (Oliver, *Madagascar* [1886], i, 117-18).

³³ Lucas, *Hist. Geogr. of the Brit. Colonies*, iii, 127.

³⁴ For history of the cession see *Parl. Papers*, 1862, lxi, 339.

³⁵ See evidence of Chinnery, managing director of the London and African Trading Company, *Parl. Papers*, 1865, v, 230.

³⁶ *Gent. Mag.* (Jan.-June 1865), xviii, 375.

³⁷ Johnston, *Hist. and Descr. of British Empire in Africa*, 313.

³⁸ *Dict. Nat. Biog.*

³⁹ The Foreign Office reported in favour of the subsidy, but the Treasury appears to have been influenced by the representations of the other African companies (see *Hansard* [3rd Ser.], clxxv, 2026).

appointed in 1860 for the protection of British interests. To the south, along the Lower Guinea coast, the only European government was at Ambriz, and here, south of Loango,⁴⁰ and in the neighbourhood of the Congo, was the chief exporting place for slaves. In 1865 Great Britain entered into a treaty for the abolition of slave traffic, the chief in return for a present 'at suitable times' promising to protect white traders, particularly English, and to punish the pirates of the river. A similar treaty was made with the chiefs of the left bank of the Congo.

Colonel D'Arcy, the governor of Gambia, the northernmost of the four British settlements on the west coast of Africa, was also active in making treaties of friendship and trade with native chiefs and effecting agreements among them for the maintenance of peace. Any further extension of British rule on the west coast was, however, discouraged by the Select Committee appointed to consider the question of the settlements in 1865, which reported against extension of territory or assumption of government.

In Central America the United States had endeavoured to restrict the sphere of British influence by the Clayton-Bulwer treaty, safeguarding the neutrality of the proposed inter-oceanic railway or canal by way of Nicaragua, Tehuantepec or Panama. After prolonged negotiations over the interpretation of the treaty Great Britain in 1859 ceded the Bay Islands to Honduras and relinquished her protectorate over the Mosquito Indians within the republic. In January 1860, by a similar treaty with Nicaragua, she ceded the part of the Mosquito coast within that republic on condition that a reserve was assigned to the Indians and that Greytown was made a free port. The arrangement was followed in February of the same year by a treaty with Nicaragua, ensuring most-favoured-nation treatment in commerce and navigation and reciprocal rights in navigation, commerce and manufactures.⁴¹ A similar treaty was concluded with the state of San Salvador, on the Pacific coast, west of Fonseca Bay, the proposed terminus of the ship canal, in 1862. Both treaties were to last for twenty years, and, if notice of termination were given, to continue until twelve months after such notice. In 1866 another treaty was concluded with the United States of Colombia, on the other side of the Isthmus of Panama, providing for reciprocal freedom of commerce and navigation under a most-favoured-nation clause and national treatment in transit trade and shipping.

Commercial and political relations between England and the Great Republic of the western hemisphere were clouded during this period by the American civil war. The Morrill tariff, designed to win for the Union Government the support of Pennsylvania and the West, by raising the import duties on iron and steel goods, on raw wool and on woollen goods,

⁴⁰ The British government did not acknowledge the Portuguese claim to Loango.

⁴¹ The treaty contained special provisions with regard to the proposed inter-oceanic route. The right of transit across the territory of the republic on any route by land or water was granted to Great Britain in return for a guarantee of neutrality. Two free ports were to be established by the republic on the Atlantic and Pacific coasts. A clause giving national rights in the coasting trade was struck out by the Congress of Nicaragua.

emphasized the difference in policy and interest between the manufacturing States and the agricultural South,⁴² and was only passed after the withdrawal of a number of Democrats from the Senate on the secession of the Southern States at the end of 1860.⁴³ After the outbreak of war in 1861 extraordinary financial legislation became necessary in the United States to meet the heavy expenditure. Existing duties were increased and new duties imposed, the average level being raised to 37 per cent. by the Customs Act of July 1862 and to 47 per cent. by the Act of 1864, the list of dutiable goods in the last Act comprising 1,450 separate articles.⁴⁴ Besides raising revenue and providing compensation for the burdens of the new internal revenue the Act of 1864 gave manufacturers the protection they desired, and although originally framed as a war tariff, was the basis of the high protective policy which dominated America for many years afterwards.⁴⁵ Import duties were retained at a high level after the war to pay for the reduction of internal taxation. In 1867 the Wool and Woollens Act increased the duties on raw wool and woollens, and in 1869 the Copper Act increased the duty on copper ore to between 25 and 30 per cent. *ad valorem* and doubled the duty on copper bars.⁴⁶ The commercial policy of the Federal Government no doubt increased the sympathy felt by England for the South. The Southern States bought the manufactures which England made from their raw material⁴⁷ and were 'by interest and necessity free traders.'⁴⁸

The blockade of the Southern ports, notified by President Lincoln on 19 April 1861, pressed hardly on our cotton industry. In 1860 about 85 per cent. of the cotton manufactured in England came from the Southern States of America. The usual price of 'Upland' and 'New Orleans' was from 6*d.* to 7*d.* a pound. In the spring of 1862 it had risen to 13*d.* and 14*d.* and a year later to 24*d.* and 25*d.*⁴⁹ Even before the war the inconvenience and possible danger of depending so largely on one country for the raw material was recognized and steps were being taken to open up new sources of supply from our own possessions and colonies.⁵⁰ The West Indies had almost ceased to export, owing to lack of labour,⁵¹ but good cotton could be produced there. Both Queensland and New South Wales sent excellent specimens to the International Exhibition of 1862.⁵² Along the eastern board of Queensland were vast tracts suitable for growing cotton, and the soil and climate were favourable to raising the best 'sea island' variety. In Queensland, moreover, there were

⁴² The duty on iron affected the railways which were being made in the South to bring down cotton from the interior (Levi, *Hist. of Brit. Commerce* [1880], 443, n.).

⁴³ P. Ashley, *Modern Tariff History* (ed. 2), 228-30.

⁴⁴ *Ibid.* 231-2.

⁴⁵ *Ibid.* 233-4.

⁴⁶ *Ibid.* 237-41.

⁴⁷ Gregory (*Hansard* [3rd Ser.], clxv, 1158); cf. Lindsay (*ibid.* clxviii, 511) and debate on Roebuck's Motion for recognition of the South (*ibid.* clxxi, 1771).

⁴⁸ Vane Tempest (*ibid.* clxviii, 531). For the meaning of the Morrill Tariff to America, see F. W. Taussig, *Tariff Hist. of the United States*.

⁴⁹ Gladstone (*Hansard* [3rd Ser.], clxx, 206).

⁵⁰ See Duke of Newcastle (*ibid.* clvi, 209).

⁵¹ Caird (*ibid.* clxxii, 178).

⁵² Bazley (*ibid.* clxv, 1529).

no restrictions on the importation of cheap labour from India.⁵³ When the cotton crisis came, the legislature made free grants of land for plantations and offered premiums for several years on the growth of the plant.⁵⁴ But most of the local capital was invested in wool, and English capital was needed to extend the cultivation further.⁵⁵ In Africa the possibilities of obtaining good cotton were great, but slave wars hindered peaceful industry and native habits were not favourable to its cultivation.⁵⁶ When the supply from America failed, the area of production to meet the annual European demand of four million bales was considerably extended. Samples of cotton from thirty-five countries were sent to the Exhibition of 1862, where representatives from the cotton-producing districts met to concert measures for obtaining a supply without the help of America.⁵⁷ Egypt with its fertile soil and abundant labour grew cotton of a superior quality and in 1863 was promising to become the largest producer in the Mediterranean.⁵⁸ Brazil sent 10 per cent. of the whole supply, instead of 1 per cent. as in 1860.⁵⁹ The stimulus of increased prices brought supplies from Italy, Sicily and Spain, and raised prospects of new resources in Algeria and Morocco. In the Ottoman dominions, also, there were great possibilities of production.⁶⁰

But the chief hope of finding a substitute for the American supply lay in developing the resources of India. Attempts had already been made by the East India Company to improve the cultivation of cotton and to introduce exotic plants. The native cotton was of short staple and of poorer quality than New Orleans, but American seed had been successfully introduced into Dharwar and other parts of India.⁶¹ With inferior soil and climate and inadequate means of transport India, however, had not been able to compete with American prices, and, producing chiefly for the needs of her own population, furnished only about 7 per cent. of Great Britain's imports. But the government maintained that a remunerative price and continuous demand were all that was needed to obtain an adequate supply. To improve communication between the cotton districts and the coast, instructions were given to push on with the more important railways and roads, particularly with the road to Sadashevagur, the port for Dharwar, with the East India Peninsula Railway for the district of Berar as well as with the Godavery works to provide an alternative route, with the Madras railway for the cotton fields of Coimbatore and Lahore, and the railway through the cotton district from Bombay to Baroda. The government left it to private enterprise to induce the ryots to grow improved cotton on a

⁵³ Melanesians were also introduced at the time of the cotton boom (see J. D. Rogers, *Australasia*, 249).

⁵⁴ See Sir S. F. Bowen, *Thirty Years of Colonial Government*, i, 195.

⁵⁵ An English company was formed by T. Bazley, the great Manchester cotton spinner, to grow cotton on a large scale in Queensland.

⁵⁶ See Col. Ord's Rep., *Parl. Papers*, 1865, v.

⁵⁷ *Encycl. Brit.*, s.v. Cotton.

⁵⁸ Caird (*Hansard* [3rd Ser.], clxxii, 178).

⁵⁹ *Ibid.*

⁶⁰ *Parl. Papers*, 1865, lvii, 789.

⁶¹ Cotton grown from American seed in Dharwar had fetched 6½d. in Liverpool, instead of 3½d., the price of the native cotton (J. B. Smith, *Hansard* [3rd Ser.], clxvii, 758).

large scale,⁶² and refused to remit the rent of land used for experiment. The regulations of Lord Canning for the sale of waste lands in 1861⁶³ were sanctioned in modified form by the home government, but the proposal to redeem the land revenue was rejected and a scheme of fixed rent in perpetuity substituted as a more feasible 'permanent settlement.' The increase in production, however, was not so great as had been hoped. Sir Charles Wood, Secretary for India, who was often blamed for his apathy, contended that, while extension of cultivation must be gradual, a large increase might be looked for and was already beginning. The cultivation of American cotton was extending and new ground was being sown in Bombay and elsewhere.⁶⁴ The Manchester manufacturers in their anxiety for cotton were apt to forget that the diversion of agricultural lands for cotton meant a rise in the price of grain in India and that the increased export of cotton brought distress to the native spinners and weavers.

The distress in Lancashire caused by the stoppage of the cotton supply was increased by the effects of over-production in preceding years, which had caused a glut in all the foreign markets. The manufacturers now used up the stock of raw material they had in hand and reduced the number of their operatives as far as possible.⁶⁵ At the same time the rise in the price of cotton, increased by speculation and by the export of large quantities intended for home consumption,⁶⁶ led to a further closing down of mills. In May 1862 only about half of the ordinary trade was being carried on and the number of people receiving no wages at all was said to be over 50,000,⁶⁷ so that in July legislation became necessary for the relief of overburdened parishes and for enabling guardians to borrow on the security of the rates. The distress reached its height shortly before Christmas 1862, when 500,000 persons were receiving regular relief. Further provision for the unemployed was made by a Bill brought in by Villiers in June 1863 to enable the local authorities to borrow from the Consolidated Fund for the execution of works of public utility, such as drainage, roads and reservoirs. When urged that public money should be used for emigration, the government maintained that it was useless to send out emigrants without capital⁶⁸ and refused to undertake the responsibility of giving a free passage to the colonies.⁶⁹ As cotton began to come from India and elsewhere some of the mills started again on partial or full time. The large manufacturers were only waiting for a fall in price of 1*d.* or 2*d.* to start production again on an increased scale and were building new mills in readiness. But speculation kept prices up and in December 1863 the

⁶² *Hansard* (3rd Ser.), clxxviii, 209.

⁶³ *Parl. Papers*, 1863, xl, 669.

⁶⁴ *Hansard* (3rd Ser.), clxxviii, 209.

⁶⁵ Arnold, *Hist. of Cotton Famine*, 81.

⁶⁶ In July 1862 cotton was selling for 2*s.* in New York when the price in England was 1*s.* 5*d.* (J. B. Smith, *Hansard* [3rd Ser.], clxxviii, 957).

⁶⁷ Potter (*ibid.* clxvi, 1490). See also Ellison, *Cotton Trade of Great Brit.*, 95, where it is stated that while in 1861 the percentage of the population in receipt of relief in the cotton districts was 2.3, in 1862 it reached 24.1.

⁶⁸ Villiers (*ibid.* clxxii, 754). The majority of emigrants in the past had chosen the United States, and this was said to be a good argument against directing the stream of emigration by artificial means (Chancellor of Exchequer, *ibid.* 770).

⁶⁹ *Ibid.* clxxi, 1517.

price of New Orleans cotton reached 29½*d.* By the beginning of 1864 there was hope of a sufficiently steady supply from new sources to employ the mills for five days a week.

Meanwhile the demand for bullion to pay the countries now supplying raw material caused a severe drain on the Bank of England. A crisis was only prevented by the raising of the rate of discount, which on 3 December 1863 reached 8 per cent.⁷⁰ On rumours of peace, the price of the raw material suddenly fell, involving the failure of many speculators. The rate of discount was raised again, reaching 9 per cent. in October 1864. Then the low prices attracted buyers and a favourable reaction set in.⁷¹ With the end of the American Civil War in 1865 the distress in Lancashire gradually disappeared. The 'bubble of England's prosperity' had not burst with the cotton crisis.⁷² The commercial condition of the country had throughout remained sound; new sources of raw material had been developed and the introduction of improved machinery had made it possible to deal successfully with inferior material.⁷³

In spite of many difficulties England maintained her neutrality until the end of the American Civil war, although it was what Bright called a 'cold and unfriendly neutrality,' and the lack of mutual good will may have been one of the reasons why Congress refused to renew the Reciprocity Treaty in 1866.⁷⁴ A better omen for the future relations between the two countries was the finally successful laying of the Atlantic telegraph cable, which after repeated failures was completed on 27 July 1866.

The restrictive commercial policy of Great Britain towards her self-governing colonies had ceased with the adoption of free-trade principles. Any control now exercised was for the purpose of obtaining a uniform free-trade policy for the Empire. The enforcement of the duty of self-defence, as a corollary of the privilege of self-government, by the withdrawal of Imperial troops from the colonies after 1862, had the effect of further loosening the bonds between the colonies and the mother country. With regard to foreign policy, however, the home government still exercised control, as was shown in the treaties with Belgium and the Zollverein in 1862 and 1865, which prohibited the colonies from imposing differential duties in favour of England. In 1868 the government also refused the request of New South Wales to repeal the provision of the Australian constitutions forbidding the imposition of differential duties, in order to facilitate a system of inter-colonial preference.⁷⁵ But in other directions no attempt was made to control colonial policy from Downing Street. After the Chinese riots on the gold fields in 1860, New

⁷⁰ *Ann. Reg.* 1863, p. 160.

⁷¹ *Ibid.* 1864, p. 170.

⁷² Goschen. See Cobden's prophecy in 1861, 'By expanding our markets, removing restrictions and giving further development to capital and more employment for labour in various manufactures we have placed ourselves in a position in which a great calamity happening from any particular quarter will always be compensated by the prosperity we enjoy elsewhere' (*Hansard* [3rd Ser.], clxiii, 309).

⁷³ Chapman, *The Cotton Industry*, 69.

⁷⁴ Layard (*Hansard* [3rd Ser.], clxxxiii, 1165 *et seq.*).

⁷⁵ Fuchs, *Trade Policy of Great Britain and her Colonies*. 264.

South Wales, following the example of Victoria, passed an Act imposing a fine of £10 on every Chinese immigrant landed in the colony. The home government, though considering the measure 'objectionable,' merely advised a relaxation of the provision in cases where immigrants were accompanied by their wives and families.⁷⁶ In 1865, in deference to the wishes of the colonists of Victoria and South Australia, a promise was given to discontinue the transportation of convicts to Western Australia within three years.⁷⁷

The colonies on their part were not backward to use their liberty in adopting a fiscal policy designed to meet their revenue deficiencies. In most of the Australian colonies there were till 1860 only revenue duties on beer, spirits, sugar and a few other articles. Western Australia had a general *ad valorem* duty of 7 per cent., and New Zealand had a few specific duties. In 1863 an unsuccessful attempt was made to arrange a uniform system on the basis of the Victoria tariff. Then in 1864 South Australia imposed a general *ad valorem* duty of 5 per cent. on imported goods, New South Wales did the same in 1866, and in the same year Queensland adopted a duty of 7½ per cent. Victoria, which had hitherto prided herself on a free trade policy, in 1865 placed 10 per cent. on a considerable number of goods. Tasmania also introduced specific duties on most goods.⁷⁸ Although ostensibly for revenue purposes, these duties, being chiefly on manufactured articles, tended to have a protective character. Galt, when introducing the new Canadian tariff in 1858,⁷⁹ emphatically disclaimed any idea of protection, but in 1859 he spoke with satisfaction of the effect of the tariff in protecting home manufactures.⁸⁰ This policy no doubt increased a feeling prevalent among a prominent section of free traders that the colonies were more of an expense than an advantage to England and that their complete severance was an object rather to be desired. It was Disraeli who foresaw that England's commerce with these new countries might be more valuable to her than any markets she might secure in Europe.

In the case of Canada the free-trade policy of Great Britain had not proved altogether to the advantage of the colony. The trade which had passed through Canada from the United States turned back into its natural channel when Canada no longer enjoyed preferential treatment in trading with Great Britain. The Reciprocity Treaty with the United States of 1854 had been designed to meet this depression of trade and to open a new market for the agricultural produce of Canada. By removing restrictions on certain 'natural products' of both countries it largely increased the trade with the United States.⁸¹ But the Galt tariffs of 1858 and 1859 raised the level of duties on the great bulk of imported manufactures to an average of 20 per cent. and extended the system of *ad valorem* duties to all articles except

⁷⁶ *Hansard* (3rd Ser.), clxvii, 194.

⁷⁷ West Australia had petitioned for convicts in 1849 (*Cambridge Mod. Hist.* xi, 795).

⁷⁸ Bastable, *Commerce of Nations*, 111; Fuchs, *op. cit.* 254; *Parl. Papers*, 1860, xlv, 523; 1867, xlix, 43.

⁷⁹ See below.

⁸⁰ Fuchs, *op. cit.* 239.

⁸¹ *British Dominions* (ed. Ashley), 207.

whisky.⁸² The adoption of this tariff asserted the right of the Canadian Legislature to adjust taxation without regard to the commercial policy pursued by the Imperial government, and, although imposed primarily for revenue purposes, also served to protect Canadian manufactures at the expense, particularly, of those of the United States.⁸³ Consequently, when the time drew near for the termination or renewal of the Reciprocity Treaty, it became clear that Congress had decided upon its abrogation. In spite of the attempts at negotiation made by the Canadian delegates at Washington and of the representations of the home government, the treaty was renounced by the United States in 1866, and with it terminated the agreements which gave the United States a share in the British North American sea fisheries and ensured reciprocal rights of navigation in the St. Lawrence, the canals and Lake Michigan.⁸⁴ The first Parliament of the Dominion, however, laid a basis for the renewal of freer commercial relations by fixing the Confederation tariff on manufactures at 15 per cent.⁸⁵ and engaging to admit certain natural products of the United States free whenever a similar privilege was conceded to the products of the Dominion.⁸⁶

In India the commercial policy of the British government from 1859 to 1865 was largely influenced by financial considerations. Indian finance had been thrown into disorder by the Mutiny, which had broken out in 1857 and was not suppressed until 1859. In the latter year the debt of India amounted to £81,000,000, and the deficit of income, including guaranteed interest on railways, was over £10,000,000.⁸⁷ At the end of 1859 Wilson, Vice-President of the Board of Trade, was sent out as financial member of the new council of India to reorganize Indian finance. The scheme proposed in his budget of 18 February 1860 included the introduction of a new customs tariff abolishing all differential duties in favour of England and fixing a general import duty of 10 per cent. in place of the varying rates from 5 to 20 per cent.;⁸⁸ a tax on home-grown tobacco; a licence duty on traders; and an income tax on all incomes above 200 rupees a year, intended to fall chiefly on the richer landholders and mercantile classes.⁸⁹ Wilson's pro-

⁸² Bastable, *Commerce of Nations* (ed. 6), 109; *Brit. Dom.* (ed. Ashley), 214; Fuchs, *Trade Policy of Great Britain and her Colonies*, 236.

⁸³ Fuchs, *op. cit.* 238. The Canadian system of levying *ad valorem* duties at the place where the goods were bought had the effect of favouring trade with foreign countries by sea as against the land trade with the United States.

⁸⁴ To retrieve the check to Canadian trade Lord Monck worked for the opening of new markets in the West Indies (British and Spanish) and Brazil. A licence fee was imposed on the fisheries to assert the right of Canada. Even trade with the United States revived, though clogged with duties (Adderley, *Review of the Colonial Policy of Lord John Russell, etc.* [1869], 45).

⁸⁵ Bastable, *Commerce of Nations*, 109.

⁸⁶ *British Dominions* (ed. Ashley), 219. Before Confederation Canada had already reduced her duties on most manufactured goods to 15 per cent. and abolished duties on partially manufactured goods and raw material, replacing these by duties on spirits, sugar, wines and a few other articles, so that at the time of the Confederation the Canadian tariff was lower than that of Nova Scotia, though higher than that of New Brunswick (*Hansard* [3rd Ser.], clxxxv, 570; *Parl. Papers*, 1867. xlix, 43).

⁸⁷ Sir Charles Wood (*Hansard* [3rd Ser.], clv, 760). For an account of the Mutiny cf. Kaye and Malleon, *Hist. of the Mutiny* and T. Rice Holmes, *Hist. of the Indian Mutiny*.

⁸⁸ *Hansard* (3rd Ser.), clviii, 1653; cxiii, 2089.

⁸⁹ *Ibid.* clx, 1181.

posals for the establishment of a paper currency were found unsatisfactory by the home government, and a modified scheme was substituted by Sir Charles Wood, under which a sum not exceeding £4,000,000 was to be issued in notes on government securities, and any further sum to be secured on coin.⁹⁰

The new taxes met with strong opposition both in England and India. Sir Charles Trevelyan, governor of Madras, who took the view that the whole deficiency might be met by a reduction on military expenditure, was recalled for publishing an adverse opinion on the budget. At home the cry of protection was raised. The increase of the duty on cotton yarns to 10 per cent. was especially complained of as conducive to the establishment of a protected interest, by offering inducements to start spinning mills in India, where labour was cheaper and the raw material close at hand.⁹¹ The government agreed generally with the view that capital was better employed in developing the natural resources of India than in promoting manufactures, and that it was well to avoid fiscal measures which would artificially affect the distribution of wealth; they admitted an increase of mills in India following on the 10 per cent. duties, but they denied that these duties were imposed with any other purpose than that of raising revenue.⁹² The ordinary sources of revenue were already improving before the end of 1860. Prices were rising, both of produce and labour, and the public works interrupted by the Mutiny were being carried forward to aid in the development of all the natural resources of the country. In the Punjab the chief works were the Baree Doab Canal, the trunk road to Peshawar, and the Attock tunnel under the Indus. Roads were being made in Bengal as feeders to railways and irrigation works carried on in Scinde. The government accepted the offer of the Madras Irrigation Company to carry out irrigation works at Orissa without guarantee.⁹³ The East India and Great Indian Peninsula Railways were hurried on with a view especially to improving communication with the cotton districts.⁹⁴

After Wilson's death in 1860 Laing, Financial Secretary to the Treasury, was sent out as financial member, and in 1861 sent back a satisfactory account, showing, as Wood reported, that the government was entering on a new career. In his budget of 1861 he was able to reduce the duty on cotton yarns to 5 per cent.⁹⁵ The following year the licence tax on traders, which had never been generally collected, was allowed to lapse.⁹⁶ Sir Charles Trevelyan, who went out this year as third in the succession of financial members of the council, undertook in earnest the task of putting Indian accounts on a sound basis. In 1863 Sir Charles Wood was at last able to announce a practical equality between income and expenditure.⁹⁷ The Indian government reduced the income tax by 1 per cent. and reduced the duty on raw

⁹⁰ *Hansard* (3rd Ser.), clxvi, 548.

⁹¹ Lord Stanley of Alderley (*ibid.* clviii, 1282); Buchanan (*ibid.* 911).

⁹² Earl de Grey and Ripon (*ibid.* clxii, 2089).

⁹³ *Ibid.* clx, 1181.

⁹⁴ *Ibid.* clxviii, 427; clxiv, 1509.

⁹⁵ *Ibid.* clxiii, 486.

⁹⁶ *Ibid.* clxvi, 427.

⁹⁷ *Ibid.* clxxii, 1286.

iron. The steady increase in the land revenue, testifying to extended cultivation, was the best proof of prosperity and the development of new resources.⁹⁸ The cultivation of tea was introduced into Assam and the north of India,⁹⁹ and the cultivation of cinchona, or bark plant, brought from South America by a clerk in the India Office, was successfully started in the Neilgherry Hills.¹⁰⁰ English capital and labour were much needed for the execution of public works; so deficient was the supply of labour and so great the difficulty of concentrating it at one point that the Indian Secretary was even asked to import Chinese. In agriculture, also, the want of labour was felt. The Regulations of 1861 providing for the sale of waste lands in fee simple were intended to encourage European settlers and attract English capital. In 1863 Sir Charles Wood reported a great demand for lands in every part of Madras,¹ where the conditions were particularly suited to the cultivation of tea and coffee. But the indigo riots of 1860, caused by the breach of the forced contracts under which the ryots worked for the English planters who had purchased or leased the zamindari rights in Lower Bengal, showed the need for careful adjustment in the relations between natives and European settlers.²

In 1864 the remaining 10 per cent. duties were reduced to $7\frac{1}{2}$ per cent.³ With regard to the repeal of the duties on piece goods and salt (of which the Bengal government had abandoned its monopoly) Sir Charles Wood maintained that the return from customs duties was so small in India that without these duties the people of India would be practically untaxed.⁴ The income tax experiment had proved unsuccessful. The richest merchants managed to evade it, and it fell entirely on a few large landholders, public fundholders and salaried officers.⁵ It was abandoned in 1865, although Wood himself doubted the expediency of parting with it so soon. He refused to sanction the export duties proposed by the Indian government. In this the last year of his administration he was able to announce an advance of prosperity from one end of the country to the other, shown by an all-round increase on land revenue, salt, opium and stamps.⁶

Under a free-trade government legislation with regard to home trade tended chiefly in two directions: the removal of restrictions on trade and industry, and the regulation of industrial enterprise in the interest, primarily, of the public. The national industry at this time most in need of the removal of 'burdens' at home and restrictions abroad was the shipping trade. The depression in the trade was attributed partly to the over-supply of ships

⁹⁸ *Hansard* (3rd Ser.), clxxvi, 1808.

¹⁰⁰ *Ibid.* clxxii, 1286; clxxvi, 1808.

⁹⁹ *Ibid.*

¹ *Ibid.* clxxii, 1286.

² *Ibid.* clviii, 700, 1263; clxii, 802; clxiv, 1509; clxxviii, 236. In face of these disturbances Lord Ellenborough advised, in the case of cotton, teaching the natives improved methods of labour, rather than introducing foreign planters (*ibid.* clxiii, 349). On the other hand, English planters complained that the law allowed them no power of enforcing contracts (see *ibid.* clxxviii, 236). The Zamindars were farmers of the revenue from land. They were acknowledged as landlords by Lord Cornwallis's settlement of 1793. See B. H. Baden-Powell, *Land Revenue in Brit. India* (1894), 104 *et seq.*

³ *Hansard* (3rd Ser.), clxxvi, 1808.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ *Ibid.* clxxx, 927.

as the result of the demands for transports during the Crimean War, partly to the restrictions which still remained after the repeal of the Navigation Laws.⁷ Other European countries had not reciprocated the English policy of free trade in shipping. Spain and Portugal still levied high differential dues on British vessels. France, besides imposing differential duties on the indirect trade, charged high tonnage dues on English vessels. The restrictions at home most complained of were the light dues, the local dues levied under the name of cranage, metage, wharfage, etc., and the passing dues for lighting shores and making harbours of refuge.⁸ These tolls were also used by the French as an argument against an extension of reciprocity,⁹ while the preferential exemptions enjoyed by privileged towns in England were adduced as an infringement of equality.¹⁰ In 1861, after a Select Committee had reported on the state of merchant shipping and the burdens and restrictions affecting it, a Bill was introduced authorizing loans for the construction and improvement of harbours,¹¹ abolishing passing tolls and tolls levied by charitable corporations, such as the Trinity House of Kingston-on-Hull, and the remaining differential dues on foreign vessels engaged in indirect trade. The consensus of opinion in France was against supplementing the commercial treaty of 1860 by a maritime treaty. But in 1866 a law was passed by the French government admitting duty free all shipbuilding materials and abolishing tonnage duties on foreign ships. These advantages (only to be enjoyed by countries granting entire reciprocity) were extended to England on condition of the abolition of the preferential exemptions from local dues, and a Bill for this purpose was brought in early in 1867 by Sir Stafford Northcote.¹²

Another heavy burden on shipping, the Stade Dues, levied by Hanover on ships passing up the Elbe, which restricted commercial intercourse with the interior of Germany,¹³ was removed in 1861 by an international agreement for the redemption of the toll by payment of a sum of £465,000, representing fifteen and a half years' purchase, of which England contributed one-third.¹⁴ The Scheldt toll, which Holland claimed on ships passing up the river to Antwerp under an agreement sanctioned by the Great Powers in 1839, and for which Belgium in the interests of her own trade had hitherto made herself liable, was capitalized in 1863 for a sum distributed between Belgium and the countries interested.¹⁵ The Belgian government at the same time abolished tonnage and local dues and reduced the pilotage dues.

In 1861 the repeal of the paper duty, the last of the excise duties on articles of general use, freed the paper trade and the industries requiring

⁷ Lindsay (*Hansard* [3rd Ser.], clvi, 331).

⁸ Lindsay (*ibid.* clvi, 331).

⁹ *Ibid.* clvii, 1528.

¹⁰ Milner-Gibson (*ibid.* clvi, 374). See *ibid.* clvii, 1542.

¹¹ In accordance with a recommendation of the committee of 1858. The government preferred the policy of encouraging local enterprise in the improvement of existing harbours to engaging in large expenditure for subsidizing schemes for new harbours promoted by parliamentary influence (*cf.* *Hansard* [3rd Ser.], clxxx, 164).

¹² *Parl. Papers*, 1867, lxxiv, 343; *Hansard* (3rd Ser.), clxxxv, 108.

¹³ See Levi, *Hist. of Brit. Commerce* (1872), 416.

¹⁴ *Hansard* (3rd Ser.), clxiv, 920.

¹⁵ *Ibid.* clxv, 288; clxxvii, 1456.

paper for the processes of manufacture, and the reduction of the tea and sugar duties between 1863 and 1865 stimulated trade in two important articles of consumption. With regard to agriculture the Chancellor of the Exchequer remitted the hop duty in 1862, but he refused the appeals of agricultural members for the repeal of the malt tax, on the ground that it would be the 'death warrant of indirect taxation,' although he modified the incidence of the duty in some directions.¹⁶ Nor did he afford much encouragement to schemes for adjusting the duty on tobacco in order to allow of its profitable cultivation at home.¹⁷

The growing wealth of the middle class called for better security in the investment of money in public companies. To this end a committee of the House of Commons was appointed to consider the law of partnership and the expediency of facilitating the limitation of liability with a view of encouraging useful enterprise and the additional employment of labour. This committee recommended the appointment of a commission to prepare a consolidating Bill from the existing laws on the subject and to suggest useful changes. The commissioners reported in 1854 that they did not consider any alteration in the law was required seeing that the annual increase of wealth provided sufficient capital for any mercantile enterprise that had a reasonable prospect of success. The matter was not, however, allowed to drop and in 1855 Bills were introduced by Lord Palmerston and others; one for limiting the liabilities of members of certain joint-stock companies and another to amend the law of partnership. The former of these Bills was passed. Greater facility for commercial combination was secured by the Companies Act of 1862, which brought all trading companies under a single statute in regard to their construction, regulations and winding-up. Under this Act seven or more persons might constitute themselves a company with limited or unlimited liability. The success of many joint-stock companies and the ease of obtaining money for them had led to the abandonment of Adam Smith's view that such companies could not be successful without exclusive privileges, except in businesses like banking and insurance. Their success and growing popularity necessitated safeguards for the shareholders from undue speculation by the directors, and these were imposed by making the publicity of accounts compulsory. An important development under the Act was 'the private company,' by which individual employers attempted to combine the advantages of limited liability with the privacy of the old-fashioned firm. This form of company was ultimately recognized and defined by the Companies Act of 1907. But perhaps the most important result of the Act of 1862 has been the effect it has had upon the relations between capital and labour. The unrestricted transfer of shares has caused investors who buy shares at high prices, to think of themselves as obtaining only moderate profits; and this state of mind has tended to impede measures

¹⁶ See p. 232 for the remission of the duty on malt used for feeding cattle. In 1865 Gladstone introduced a measure which gave the maltster the option of having the duty charged by weight instead of measure.

¹⁷ See questions of Irish members (*Hansard* [3rd Ser.], clxxiii, 562; clxxx, 925).

for the benefit of workpeople which could be supposed to trench upon dividends.¹⁸

In 1865 the Partnership Amendment Act was passed, whereby the law under which a share in the profits of any undertaking was held to constitute partnership was relaxed, and capitalists were enabled to lend money without undertaking the liability of partners¹⁹; it also empowered employers to pay their servants a portion of the profits of a business instead of salary. This 'free trade in capital' and contract led to great activity in joint-stock speculation. The limited liability principle was applied in converting old firms into companies with reformed management and new capital, as well as in starting new enterprises.²⁰ Many new joint-stock banks took the place of private banking firms, and financial associations were formed on the model of the *Crédit Mobilier* and *Crédit Foncier* of France,²¹ to finance industrial enterprises of every nature and lend money on public securities. This speculative mania led to the floating of schemes that were financially unsound. The demand for capital never ceased, even when the Bank rate was raised to 9 per cent. in September 1864. In 1866 came a sudden collapse of credit and on 10 May the great discount house of Overend and Gurney, converted the year before into a limited joint-stock company, with a capital of £5,000,000, failed for £19,000,000. The effect of the failure was far reaching, entailing on countless traders an inability to meet their promises to pay.^{21a} A general run on banks followed and several other houses failed within the week.²² The government were compelled to authorize the Bank of England to exceed the limits of its issue fixed by the Bank Charter Act, imposing at the same time a minimum rate of interest of 10 per cent. The raising of the Bank rate had the desired effect of checking speculative investments, and the Bank found it unnecessary to use its further powers. By the close of the year money was fairly abundant and the Bank rate was gradually lowered to 3½ per cent., but the restoration of credit at home and abroad was slower than after any previous crisis. In this case it was a banking rather than a commercial crisis; it was capital that 'went on strike' and mercantile transactions were little affected.²³

The regulation of trade in the interest of the consumer took the shape chiefly of certain limitations on private ownership and enterprise. In 1861 a 'reform Bill' for the salmon fisheries of England, with a view to

¹⁸ Ashley, *The Econ. Organization of Engl.* 179-80; J. Stuart Mill, *Principles of Pol. Econ.* (ed. Ashley, 1909), 140, 900, 1002.

¹⁹ *Hansard* (3rd Ser.), clxxvii, 1273. A similar measure had been introduced in 1855.

²⁰ *Ann. Reg.* 1865, p. 187.

²¹ *Ibid.* 1863, p. 187. These societies were established about 1852 for the purpose of reviving trade in France (see Leoni Levi, *Hist. of Brit. Commerce*, 428).

^{21a} Goschen, *Essays and Addresses on Economic Questions*, 49, 50.

²² It was remarked that ruinous losses fell on classes not known before to be much connected with joint-stock enterprises, such as 'farmers, tradesmen, domestic servants, peers and peasants.' Many had invested their last penny (Morrison, *Hansard* [3rd Ser.], clxxv, 1370).

²³ *Ann. Reg.* 1866, p. 183 *et seq.*; Levi, *Hist. of Brit. Commerce*, 1872, p. 436; see debate on Watkin's Motion for a Royal Commission to inquire into the banking and currency laws, 31 July 1866 (*Hansard* [3rd Ser.], clxxxiv, 1706).

'preserving to the public an important article of food,'²⁴ penalized injurious modes of fishing and made provision for the preservation of the salmon. A similar measure dealt with the salmon fisheries of Scotland in 1862, and in 1863, after a long struggle with the 'upper and lower proprietors,' a corresponding Act was passed for Ireland, where the diminution in the stock of fish had assumed serious proportions. The British white herring fishery in Scotland was also controlled by an Act of 1860, giving the fishery commissioners power to regulate the management and protection of fisheries and prohibit the use of trawl, beam and drag nets. Legislation in relation to private enterprise tended in such directions as safeguarding the quality of articles furnished to the public, as in 1859, by a Bill bringing the sale of gas under the Weights and Measures Act and by the Adulteration of Food Act of 1860.

The importance of government interference for obtaining agricultural statistics was repeatedly pressed on the government by James Caird, member for Stirling, a practical agriculturist, who held sanguine views of the agricultural resources of the country. He pointed out the growing dependence of England on foreign food and insisted on the need for obtaining timely warning of serious change by periodical returns of the area under cultivation.²⁵ A resolution in favour of the collection of statistics was carried in the House in 1864,²⁶ and in 1865 the government proposed a vote of £10,000 to carry into effect a scheme of voluntary returns to be obtained from farmers and holders of live stock through the medium of the Board of Inland Revenue.²⁷

Besides the large importation of foreign corn, increasing supplies of cattle were coming to England from abroad. The completion of two great lines of railway across central and southern Germany, connecting Hamburg and Rotterdam with Vienna and Lemberg, had opened up new sources of supply in Hungary and Galicia. One danger of these large importations was shown by the Cattle Plague, attributed to a Russian or Hungarian source,²⁸ which ravaged England in 1865 and 1866. The measures then adopted by the government for combating the disease were, however, only temporary in their bearing.

The principal constructive element in the policy of this period lay in the favourable conditions it offered to private energy and initiative in trade. On the other hand, the doctrine of *laissez-faire* tended to bind the hands of the government when interference or aid might have been valuable to supplement the efforts of individual enterprise. It is noticeable that the chief exceptions to the usual policy are found in the cases of India and Ireland. After an appearance of prosperity in 1859, three bad seasons had brought distress to the small farmers in Ireland, and the population continued to emigrate in large numbers. Two schemes for the encouragement of agriculture which the government aided with public money were the agricultural

²⁴ W. E. Forster (*Hansard* [3rd Ser.], clxiv, 769).

²⁵ *Ibid.* clxviii, 243.

²⁶ *Ibid.* clxxv, 1362.

²⁷ See *ibid.* clxxxiii, 836.

²⁸ Report of the commission for investigating the origin and nature of the disease printed in the *Ann. Reg.* 1865.

training schools, notably the model school and farm at Glasnevin, near Dublin, and the attempt to give instruction to the farmers of the south and west in improved methods of growing and preparing flax.

The regulation of the conditions of labour in the direction marked out by the Factory Acts was proceeded with in an experimental fashion during Lord Palmerston's administration, and the principles of the acts were applied to certain new classes of industry. In 1860, on the expiration of the Coal Mines Act of 1842, the Mines Regulation Act was passed, prohibiting the employment of boys under twelve, unless they possessed education certificates or were allowed to attend school for six hours in the week. This latter clause, introduced in the Bill by the House of Lords, tended to defeat the original intention of the measure, for the educational provisions (unlike those of the Factory Acts) while discouraging the employment of children underground failed to secure their education.²⁹ In the same year the provisions of the Factory Acts were applied to the bleaching and dyeing industry,³⁰ and in 1861 the Acts were extended, with certain modifications suggested in Tremenhoe's Report,³¹ to lace factories. In this case Parliamentary opinion was in advance of the measure proposed by the government, and the age of full-time work was raised in committee from eleven to thirteen and the Saturday half-holiday lengthened. Taking advantage of the general change in public opinion, the Earl of Shaftesbury in 1861 moved for a new commission on the employment of children in the unregulated trades. As a result of the commission's first report the Factory Acts Extension Bill was introduced by Bruce, the Home Secretary, in 1864, bringing the six non-textile trades reported on—pottery, lucifer matches, percussion caps, cartridges, paper-staining, and fustian cutting—under the Factory Acts, which were thus now for the first time applied to trades not worked by steam, water or machinery, including one (fustian cutting) carried on in private houses.³² Provision was also made for the cleanliness and ventilation of factories. In 1863 a measure was passed to regulate the employment of young persons in bakehouses and provide for the appointment of inspectors to enforce proper sanitary conditions.³³ Another recommendation of the commission of 1862 was carried out by a Bill introduced by Lord Shaftesbury in 1864, to give effect to the law of 1840 regulating the employment of chimney-sweepers, by restricting the employment of children and 'young persons' and by giving justices power to imprison for any violation of the law.

²⁹ H. A. Bruce (*Hansard* [3rd Ser.], clxxv, 1708).

³⁰ This Act partly defeated its own end by allowing recovery of time lost by fluctuation in trade, the nature of the process, etc. (see Jeans, *Factory Act Legislation*, 14; Hutchins and Harrison, *History of Factory Legislation* [ed. 2, 1911], 139). The debates on the Bill are noticeable for the public recantation of Sir James Graham and Mr. Roebuck of their opposition to the Factory Acts (Hutchins and Harrison, *op. cit.* 138). In 1862 an Act was passed forbidding night work in open-air bleaching, except for making up lost time.

³¹ Mr. H. S. Tremenhoe was appointed, after the failure of Lord Shaftesbury's bleaching works Bill in 1854, to report on that industry, and in 1860 was instructed to make a similar inquiry into the conditions of the lace trade.

³² The Act defined a factory as a place where persons worked for hire, so that while controlling out-work it left home work (not performed for wages) untouched.

³³ Howell, *Labour Legislation*, 137.

The regulation of adult male labour during this period was almost entirely confined to providing for the safety and health of operatives in dangerous employments. Under the Mines Regulation and Inspection Act of 1860 rules for ventilation and safety were laid down, and inspectors empowered to enter any mine, examine its machinery and inquire into the ventilation, lighting and safety appliances. The Coal Mines Bill of 1862 made further provision for the safety of the workpeople by prohibiting employment in mines with only a single shaft to the seam. An important clause, however, in relation to trade union organization, was introduced in the Mines Regulation Bill, under pressure from the South Yorkshire miners aided by Alexander Macdonald, the Scottish trade union leader. This provided for proper weighing of coal where payment was made by weight or measure and authorized the men to appoint a check-weigher from among the workmen at the mine. This recognition of collective action, although at first evaded by the coalowners, acted as a direct incentive to the miners to combine, and afforded a recruiting ground from among the check-weighers for competent trade union officials and labour representatives.³⁴ The administrative machinery of the government was utilized for the advantage of the working class by the Post Office Savings Bank, established in 1861, and by the measure of 1864 enabling the government through the medium of the Post Office Savings Bank to sell small annuities and life insurances.³⁵

The government of 1859 came into office pledged to parliamentary reform, and it went out of office on the same question in 1866. The general election of the same year saw the return of the Liberals with an increased Radical element.³⁶ In October Lord Palmerston died. Lord Russell then became Premier and Gladstone took the leadership of the House of Commons. On 12 March 1866 a ministerial measure of parliamentary reform was introduced by Gladstone to a crowded House, but it was defeated in committee. On 19 June Lord Russell resigned, and an administration was formed under Lord Derby with Disraeli as Chancellor of the Exchequer.

It was now Disraeli's turn to attempt the settlement of the reform question, a task he was by no means unwilling to undertake.³⁷ The great meeting in Trafalgar Square on 2 July and the procession of the Reform League on 23 July to Hyde Park, where, the gates being closed, the crowd overturned the railings, showed that working-class feeling was now thoroughly awake. Similar mass meetings, presided over by John Bright, were held in Birmingham, Manchester, Glasgow and Leeds. But the course of shooting

³⁴ Webb, *Hist. of Trade Unionism* (1911), 289. The Act of 1860 also enforced the payment of wages in money.

³⁵ Stat. 24 & 25 Vict., cap. 14; 27 & 28 Vict., cap. 43.

³⁶ The Liberal gain was chiefly in the large towns. In the City of London the four Liberal candidates outnumbered by more than 2,000 their two Conservative opponents, Goschen standing first on the poll. John Stuart Mill was returned for Westminster and Thomas Hughes for Lambeth (*Ann. Reg.* 1865).

³⁷ His Bill of 1859 was, he claimed, the only one spoken of with respect.

stars was easier to foretell than the trend of party movement in the coming session.³⁸ On 18 March 1867, after the secession of three cabinet ministers over the government proposals, Disraeli introduced his famous Bill, which, with an appearance of democracy on its surface owing to its enfranchisement of all rate-paying householders resident in any borough for two years, was in reality so fenced round with 'checks and counterpoises' that it 'took away 'with one hand what it gave with the other.' On the application of these securities depended whether the Bill would lead to a democratic invasion.³⁹ To Lord Cranborne dual voting and personal payment of rates were 'not 'good enough checks,' the result would be household suffrage; to Bright the Bill was 'the production of the enemies of reform.' The fight with the Opposition, headed by Gladstone, turned on the personal payment of rates, a provision which excluded the compound householders, who formed about two-thirds of the occupiers under £10. In the end the Chancellor of the Exchequer proved 'the greatest Radical in the House.'⁴⁰ He himself, accepting an amendment moved by Hodgkinson, member for Newark-on-Trent, and supported by Bright and Gladstone, introduced a clause abolishing the practice of compounding, and the Bill finally emerged from committee shorn of its fancy franchises and all its 'securities.'⁴¹ All householders in boroughs resident for one year were enfranchised, a lodger vote was introduced and a £12 rating franchise was fixed for counties. In the redistribution scheme the number of seats transferred from small boroughs to large was increased.⁴² In this form, designed to satisfy the most ardent wishes of the advocates of household suffrage, the Bill was passed by a House which the year before had rejected a £7 franchise.

The Conservative government of 1866-8 was in theory committed, equally with its Liberal predecessor, to the principles of free trade. Lord Stanley, the new Foreign Secretary, speaking in the House of Commons in 1866, admitted the desirability of a relaxation of the Navigation Laws throughout Europe, but at the same time he deprecated any reform tending to the 'advantage of England' rather than to the 'general benefit.'⁴³ Again, in Adderley's⁴⁴ words, an example 'of the useful influence of this country over perfectly free colonial legislation' was provided by the action of the government in obtaining the modification of a measure 'of

³⁸ Bright (see Trevelyan, *Life of John Bright*, 365).

³⁹ Lowe (*Hansard* [3rd Ser.], clxxxvi, 52-62).

⁴⁰ Bernal Osborne (*ibid.* clxxxvii, 747).

⁴¹ Ten amendments, said Lord Cranborne, were made at Gladstone's dictation. The real author of the Bill, however, as Bernal Osborne pointed out, was Bright, whose Bill of 1858 had proposed rating and household franchise (see also Trevelyan, *Life of Bright*, 372). The Chancellor of the Exchequer had played the part of a gipsy stealing a child and disfiguring it to pass it as his own, but at the same time his tact and temper had converted the obtuse and obstinate party behind him (B. Osborne, *Hansard* [3rd Ser.], clxxxvii, 747-8).

⁴² Eleven boroughs were disfranchised and one member taken from thirty-five boroughs with less than 10,000 inhabitants.

⁴³ *Hansard* (3rd Ser.), clxxiv, 2146.

⁴⁴ C. B. Adderley (afterwards first Baron Norton), Colonial Secretary under the new Administration.

'fiscal warfare' passed by the Newfoundland Legislature in 1867.⁴⁵ At home the sweeping free trade recommendations⁴⁶ of the Commission on Sea Fisheries were carried out by the Conservative government. But in regard to home trade there is observable a modification in certain directions in the application of the doctrines of free competition and 'no interference.' Cave, Home Secretary, answering Milner-Gibson's criticisms on the postponement of certain clauses in the Fisheries Convention pending a reform of the French customs duties, contended that the fishermen's interests had to be considered as well as the consumers', the fishermen not being 'such enlightened politicians as the right honourable gentleman.'⁴⁷ A measure, too, like that passed in 1868, to enable the government to acquire and work electric telegraphs, was one which a Conservative administration could carry more easily than a Liberal government, pledged in all particulars to avoid intervention.

In India, where Massey had succeeded Trevelyan as financial member of the council, the tariff was so revised and simplified on the report of a committee appointed by the Indian government in 1866 that customs duties became the exception instead of the rule. An export duty on grain was imposed to make up the loss. In 1868 Sir Stafford Northcote, Secretary of State for India, announced that the exportation of grain had increased in spite of the export duty (which he disliked), and that the licence tax had produced more than was estimated, and had not proved a heavy burden on the inhabitants.⁴⁸

The fiscal policy of the Conservative government showed no new lines of departure. The money for the Abyssinian expedition in 1867 was raised by an additional penny on the income tax, without any increase of indirect taxation. Increased expenditure on the war services, accompanied by a want of elasticity in the revenue due to bad harvests, depression of trade, and a general feeling of insecurity after the financial crisis of 1866, resulted in a deficiency of over one and a half millions in 1868, the year of highest peace expenditure yet reached. The 'simple but very rude' process of adding twopence to the income tax was again adopted, forming another precedent for burdening income tax 'to the relief of taxation on articles of 'general consumption.'⁴⁹ By this time no duty remained, with the single exception of the malt tax, which injuriously affected any important industry, and Barttelot in 1867 obtained a select committee to inquire into the operation of this solitary exception.⁵⁰ In 1868 the government brought in a Bill regulating further the duties and drawbacks on sugar in accordance with the declaration signed at Paris in November 1866, after the completion of the experiments at Cologne for determining the yield of refined sugar

⁴⁵ See C. B. Adderley, *Review of the Colonial Policy of Lord J. Russell's Administration*, by Earl Grey, and of subsequent colonial history (1869). The differential duties aimed at France were removed on the remonstrance of the home government.

⁴⁶ Marquess of Clanricarde (*Hansard* [3rd Ser.], clxxxii, 1753).

⁴⁷ *Ibid.* cxc, 1269.

⁴⁸ *Ibid.* cxciii, 1337.

⁴⁹ Buxton, *Finance and Politics* (1888), ii, 34 *et seq.*

⁵⁰ The committee reported cautiously that the tax might be repealed if some means for raising the revenue, if required, were substituted (*Parl. Papers*, 1867-8, ix, 235).

from the several classes of raw material. The new arrangement, which put a higher figure on the first two classes and a lower on the second two, failed to achieve a final settlement, owing to the defective nature of the refining experiments, the objectionable system of assessment by colour, and the failure of France to carry out the provision of the Convention for the establishment of a co-relation between duties and yields.⁵¹

The most important work of the short Conservative administration was in the promotion of industry and trade and the further regulation of the conditions of labour by an extension of the Factory Acts. A commission on sea fisheries which had been appointed in 1863 on the motion of Fenwick, member for Sunderland, reported in 1866 that the supply from the fisheries was increasing, but admitted of further augmentation, and offered a field of profitable enterprise for the application of skill and capital.⁵² In accordance with their recommendations an Act was passed in 1866 enabling private persons or companies to establish oyster and mussel fisheries on the shore and bed of the sea, or in estuaries or tidal rivers, under an order from the Board of Trade. Another measure was carried in the same session authorizing further grants of public money for the construction and improvement of fishery piers and harbours in Ireland. The restrictions on the mode of fishing for herrings in Scotland were removed by an Act of 1867. In November of the same year a new Fishery Convention was signed with France, under which restrictions on times and modes of fishing were abolished and the open time for oyster fishing in the Channel lengthened by six weeks. The Sea Fisheries Act of 1868, which carried out the Convention in England, also consolidated the law relating to sea fisheries and gave special powers to the Irish Fishery Commissioners for the protection of oyster fisheries lying outside the three-mile limit.

Further freedom of commercial contract was secured by the Companies Act of 1867, amending the principal Act of 1862, and authorizing the formation of limited companies with directors or managers having unlimited liability. The Act gave stability to joint-stock companies by allowing them to reduce their capital, and thus to remove the disparity between real and nominal capital, which in many cases had thrown discredit on joint-stock enterprise.⁵³ The transaction of mercantile business was also facilitated by an Act of 1868, conferring on county courts admiralty jurisdiction for trying claims for salvage and damages up to £300 and wages up to £150, and claims for larger sums by agreement.⁵⁴

In 1867 the increase in the administrative work of the Board of Trade led to its reconstitution. The office of Vice-President of the Committee of Council for Trade and Foreign Plantations was abolished, and a secretary

⁵¹ Fuchs, *Trade Policy of Great Britain and her Colonies* (1905), 79-81.

⁵² *Parl. Papers* 1866, xvii, 571; xviii, 1.

⁵³ See Earl of Harrowby (*Hansard* [3rd Ser.], clxxxix, 1544).

⁵⁴ The Bill of 1868 was introduced by Norwood, member for Hull. It was similar in intention to a government Bill of the previous session. There was a common French saying at the time that to be saved by English boatmen was a worse calamity than being totally wrecked.

with a seat in Parliament was substituted. The duty of collecting and publishing cotton statistics was imposed on the department by a Bill brought in by Bazley, member for Manchester, in 1868, with a view to checking speculation in the cotton trade.

On the formation of Lord Derby's administration in 1866 Lord Shaftesbury was asked to take the Duchy of Lancaster and refute by his co-operation the accusation that the Conservatives were 'hostile to the working classes.' In refusing this offer on the ground of the 'many and varied pursuits' which occupied his time, he reminded Lord Derby that there still remained '1,400,000 women, children and young persons' to be brought under the Factory Acts.⁵⁴ In 1867, on the further reports of Lord Shaftesbury's Commission of 1861, Walpole, Home Secretary, brought in two Bills to deal with the 150 trades and 1,400,000 women and children therein embraced. The first, the Factory Act Extension Bill, applied the provisions of the Factory Acts to all establishments employing as many as fifty workpeople.⁵⁵ The Workshop Regulation Act dealt with establishments employing less than fifty hands. This Bill forbade the employment of any child under eight in any handicraft, applied the half-time system for children under thirteen to workshops, providing for their attendance at school for ten hours in the week, and restricted the hours of employment for women and young persons.⁵⁶ The execution of the Act was entrusted to the local authorities. In introducing the Bill into the House of Commons Walpole, the Home Secretary, pointed out that private dwelling-houses had already been dealt with by the Public Health and Local Government Acts, and that where parental duty, as well as right, was not recognized, the State, 'the parent of the country,' must fill the place of the natural protector.⁵⁷ Only 'one more blow was needed' now for agricultural districts,⁵⁸ but although attempts were made by Lord Shaftesbury and by Henry Fawcett, member for Brighton, to deal with the employment and education of 'agricultural children,' the only measure passed was the government Bill of 1867 dealing with the gang system. This system, which prevailed mostly in the eastern counties, was introduced owing to the lack of agricultural labour in the earlier part of the nineteenth century; the gangs consisting of women, young persons and children under a gang-master or contractor, worked daily at farms where and when their services were required. It led to ill-treatment, sweating and other abuses, as the reports of committees issued in 1843 and 1862 show.

⁵⁴ Hodder, *Life and Work of the Seventh Earl of Shaftesbury* (1892), 617.

⁵⁵ Under the six headings of blast furnaces, copper mills, iron mills, iron foundries, any premises in which steam, water or other mechanical power was used for the manufacture of machinery, metal articles and gutta-percha, and any premises in which paper, glass or tobacco was manufactured or letterpress printing or bookbinding carried on, and, seventhly, any trade premises where fifty or more persons were employed in any manufacturing process.

⁵⁶ This Act (as distinguished from that of 1864) included children employed by their parents, but excluded 'out-workers' by the definition of a workshop as a place to which the employer had right of access and control (Harrison, *Hist. of Factory Legislation* [ed. 2, 1911], 170).

⁵⁷ *Hansard* (3rd Ser.), clxxxv, 1271.

⁵⁸ H. A. Bruce (*ibid.*).

The farmers openly declared that after the introduction of free trade the gangs were employed for the purpose of decreasing the expenditure on labour, for 'over other matters they had no control; the only thing they could squeeze was wages.'⁵⁹ The Act of 1867 compelled the gang-masters to take out licences, and prohibited the employment of children under eight and of 'mixed gangs.' This Act considerably reduced the employment of gangs, though the system continued for some years later.

The new Factory Acts enforced the sanitary regulations of the Act of 1864 and contained other provisions for the safety and health of the operatives generally. The Merchant Shipping Act of 1867 also enforced rules for the health and accommodation of seamen. This seems to have been as far as the government were prepared to go in dealing with adult male labour,⁶⁰ but they lent their support to a measure introduced in 1867 to amend the crying defects of the law as between master and servant, under which breach of contract on the part of a servant was treated as a criminal offence, punishable by imprisonment, deduction of wages, or dismissal without the option of a fine. This reform was taken up by the Glasgow Trades Council, and in 1864 the first national conference of trade union representatives was convened in London to decide on the best way of promoting it. Parliamentary agitation, supported by the trade unions, succeeded finally in obtaining Lord Elcho's Master and Servant Act, the first positive success of the trade unions in the legislative field,⁶¹ which removed the worst defects in the law. Breaches of contract by employed were henceforth to be treated as civil offences except in the case of aggravated and illegal injury to person or property, the mode of procedure was amended and servants made competent witnesses in their own defence. Contract as between employer and employed was thus put on a better footing, but the restrictions on free combination among the men under the law of conspiracy remained in force. So far the trade unions had acquired no legal status or recognized corporate entity, except on a doubtful basis as friendly societies, and by two decisions in the Court of Queen's Bench in 1867 it was laid down that any agreement in 'restraint of trade' could not be enforced in a civil court, thus leaving the funds of trade unions unprotected if their rules contained any 'restraints.'⁶² On the other hand, certain outrages at Sheffield in 1865-6⁶³ raised a general

⁵⁹ Hasbach, *A Hist. of the Engl. Agric. Labourer*, 199, quoting *Sixth Report on the Employment of Women and Children in Agriculture*, 79, 171.

⁶⁰ Cf. the remarks of the Commissioners on Trade Unions as to the purposes for which the regulation of law was needed—viz. for protecting workmen against the use of dangerous machinery by employers, for resisting the truck system and protecting women and children (*Parl. Papers*, 1868-9, xxxi, 255).

⁶¹ Webb, *Hist. of Trade Unionism* (1911), 236.

⁶² This decision, as Hughes remarked in the House of Commons, swept away the recognition which Gladstone gave to trade unions by allowing them the same privileges as friendly societies for investing their funds in the Post Office Savings Bank.

⁶³ A long series of crimes by members of the trade unions in Sheffield had culminated in an attempt to blow up a workman's house with gunpowder. The inquiry subsequently held showed there was great intimidation, not stopping at murder, practised against those who were obnoxious to the unions. A similar inquiry, with like results, was held at Manchester (*Ann. Reg.* 1867, p. 73). For fuller details of these outrages see G. I. H. Lloyd, *The Cutlery Trades* (1913).

suspicion that trade unions were using their power for intimidating and tyrannizing over the workmen as well as 'sustaining the men while they demanded a particular sum for their work irrespective of the law of supply and demand.'⁶⁴ The cry for inquiry into trade unionism was supported by the unions themselves, and a royal commission was appointed in 1867 with exceptional powers to inquire into the subject of the outrages and the organization and rules of trades unions. The inquiry showed that the system of outrages was confined to two towns, Sheffield and Manchester, where barbarous usages still survived among certain rough and isolated trades.⁶⁵ Trade unionism as a whole was thus exculpated, and the right to combine for determining conditions of labour recognized, while a further result of the commission was to show, through the minority report,⁶⁶ the way in which the legalisation of the unions could be most effectively carried out.⁶⁷ A measure intended to prevent strikes, which had been originally promoted by the National Association of United Trades⁶⁸ and had already in several different forms made an appearance in Parliament, was carried in 1867. This was Lord St. Leonards's Masters and Operatives Bill for enabling masters and workmen by mutual agreement to set up councils of conciliation, elected by popular suffrage, for the settlement of labour disputes by decisions which were to have judicial force. The Bill, however, (owing to amendments made in committee), gave no power of fixing future rates of wages, a defect which rendered it quite inoperative. Already successful boards of arbitration were in existence for particular trades, and at Nottingham, it was said, no strike or lock-out had been known in the hosiery and glove trades since the boards were formed in 1860.⁶⁹

Early in 1868 the government were defeated over Gladstone's Resolutions for the disestablishment of the Irish Church. Dissolution was postponed until the Reform Bills for Scotland and Ireland had been carried and provision made for the revision of the electoral list. The appeal to the reformed electorate was made in the autumn, and resulted in the greatest change in the constitution of Parliament since the Reform Bill,⁷⁰ falsifying the predictions of both parties. The Liberals were returned to power with a substantial gain in the boroughs and in Ireland. Disraeli resigned before the meeting of Parliament, and Gladstone, who had been defeated in South West Lancashire and returned for Greenwich, was charged with forming an administration.

⁶⁴ Whalley (*Hansard* [3rd Ser.], clxxxv, 179). ⁶⁵ Webb, *Hist. of Trade Unionism*, 252.

⁶⁶ Signed by Lord Lichfield, Thomas Hughes and Frederic Harrison.

⁶⁷ Webb, *op. cit.* 253-4; see Howell, *Labour Legislation*, etc., 159 *et seq.* The final report, with conclusions and recommendations, was not published until 1869 (*Parl. Papers*, 1868-9, xxxi, 235).

⁶⁸ Howell, *op. cit.* 154, 437; Webb, *op. cit.* 168, 173, 177.

⁶⁹ B. Osborne, member for Nottingham (*Hansard* [3rd Ser.], clxxxv, 179). The principle of conciliation was applied to the hosiery and glove trades of Nottingham (where strikes were very frequent), Derby and North Leicestershire by the Rt. Hon. A. J. Mundella *British Industries* [ed. W. J. Ashley], 40). See also Knoop, *Indust. Conciliation and Arbitration* (1905), 46-7.

⁷⁰ In all 227 candidates who had no seats at the Dissolution were returned to the new Parliament (*Ann. Reg.* 167). The protection of trade union funds and other claims of labour were made test questions by the labour leaders. Two labour candidates went to the poll, but neither was returned (Howell, *Labour Legislation*, etc., 167-8).

CHAPTER VIII

RETRENCHMENT AND REFORM

(1868 to 1880)

THE period from 1868 to 1880 is divided almost into halves by one of those cyclical alternations of trade which are a commonplace of industrial history. During the first part of this time there was a general increase of British prosperity, gradual at first but intensified after the outbreak of the Franco-Prussian War and reaching its highest point in the years 1872 and 1873 ; by 1875 the downward turn had set in with considerable force and it continued steadily for several years, touching its nadir in the great depression of 1879, from which trade only slowly and agriculture never entirely recovered.

At the close of the year 1868, when Gladstone's ministry came into office, and at the beginning of 1869 it was 'still a matter of complaint that 'the depressing effect so long exercised upon trade by the commercial crisis 'of 1866 continued to be felt.'¹ This led to 'a partial revival, in some of the 'northern and midland towns, of the old cry for Protection, disguised, 'however, under a demand for reciprocity.'² This agitation was partly connected with the approach of the time at which the commercial treaty between Great Britain and France might be denounced by either party, but it did not penetrate to the House of Commons, and discontent died away towards the end of the year, when a more hopeful feeling prevailed. The overflowing state of the bullion in the money markets, the impulse given to international commerce by the working of the Pacific Railway and by the opening of the Suez Canal, the rapid extension of the submarine cable the improvement of railway property and the supposed absence of disturbing political causes combined to give 'a more confident tone to the commercial 'community and enlarge the field of profitable investment.'³

During the first half of the year 1870 this financial and commercial improvement was gradually strengthened, and for some little while before the declaration of war between France and Germany the prospect was considered 'especially bright.' 'The clearing on 15 June was the highest 'known,'⁴ and there was increased activity in the cotton and iron trade. The declaration of war brought a general depression of trade, and the fear that England might be involved through her connexion with Belgium seriously affected the money market.⁵ By the end of the year, however, it

¹ *Ann. Reg.* 1869, p. 1.

² *Ibid.* 199.

³ *Ibid.* 200.

⁴ *Ibid.* 1870, p. 78.

⁵ *Ibid.* The Bank rate was advanced from 3 per cent. to 5 per cent. during July, and to 6 per cent. on 4 Aug., but was reduced by various stages to 2½ per cent. by the close of September (*ibid.*).

was generally felt that the influence of the war upon our trade was 'materially 'beneficial'; for the trade in cotton, lace and silk from England was increased through the suspension of trade at Mulhouse, Calais, and Lyons, while the iron trade profited by the removal of French competition, though it was temporarily threatened by the difficulty which arose over the determination of Russia to denounce the Treaty of Paris made at the close of the Crimean War in 1856.⁶ At that time Russia was one of our largest customers for iron and steel; and, though Parliament was somewhat disposed to mock at the 'foregone conclusion' at which our diplomatists amiably arrived,⁷ it came as a great relief to the trade. A corresponding improvement in the coal trade was also noticeable, and by the beginning of October the export of coal had 'exceeded by three-quarters of a million' that of the previous year.⁸

The general improvement in trade continued throughout 1871, and the latter half of the year was marked by the brisk development of joint-stock speculation, especially in mines, railways, and tramways.⁹ This was due to the reduction in the price of rails consequent on the expiration in 1869 of the master-patents of Henry Bessemer, son of a French refugee, whose process of making steel¹⁰ was a discovery that 'takes its rank with the 'great events which have changed the face of society.'¹¹ The frequent replacing necessary in the case of iron rails would have been so costly as to have made the present rates of railway transport utterly unattainable, but by the Bessemer process and the later invention of William Siemens, a German settled in this country, the substitution of steel for iron became not only possible but economical, even on the score of relative first cost. Neither the Bessemer nor the Siemens-Martin process had, however, reached perfection in 1871, for, as neither eliminated phosphorus from the ore, only non-phosphoric ores could be used; the great mass of British, Belgian and German iron was therefore unavailable. It was not until 1877 that the problem of dephosphorisation was solved by two young Englishmen, Sidney G. Thomas and his cousin P. C. Gilchrist, who, at the ages respectively of twenty-five and twenty-six, invented the valuable process of eliminating phosphorus in the Bessemer converter by means of a basic lining such as dolomite.¹² By the end of 1879 this discovery, which could also be adapted to the Siemens-Martin process, was used as well abroad as in England,¹³ with the result that the substitution of steel for iron was hastened.¹⁴

⁶ *Hansard* (3rd Ser.), col. 318. By the Treaty of Paris, Russia and Turkey were restrained from maintaining ships in the Black Sea. On the repudiation of the Treaty by Russia 'the conference of London' was called, when it was agreed that the clause securing the neutrality of the Black Sea should be abrogated and Turkey might open the Dardanelles and Bosphorus to warships of allied nations if her rights under the Treaty were threatened.

⁷ *Ibid.* col. 894-976.

⁸ *Ann. Reg.* 1870, p. 79.

⁹ *Ibid.* 1871, p. 141.

¹⁰ Even before the expiration of the patents, viz. in 1866, Bessemer had forced the price down to one-third of that which had been charged by Krupp previously (*Dict. Nat. Biog.*).

¹¹ Hewitt, Address to Iron and Steel Institute, 1890.

¹² Thomas took out his first patent in 1877 (*Dict. Nat. Biog.*).

¹³ It was this process which, by rendering possible the use of the German (phosphoric) ore, led to the foundation of the German steel industry.

¹⁴ Adamson, Presidential Address to the Iron and Steel Institute, 1888.

Commercial activity continued unchecked throughout 1871-2, notwithstanding rapid fluctuations in the value of money—i.e., the rate of interest on commercial loans—which were due to the raising of the French indemnity. The revolt of the Commune had prolonged the period of commercial uncertainty, hence the French capital transmitted to England in 1870 was not removed for long after peace was declared. It was remarked that 'the unprecedented movements of specie and securities that occurred after the clauses of the treaty (of Versailles) came into operation had less effect than was expected because the influx of foreign capital provided us with exceptional means to meet our share of the liabilities incurred.'¹⁵ Directly after the first payment had been made it was clear that we still had a large unemployed capital, 'but even with this the first transfers of money rendered 'necessary by drafts in favour of Germany were heavy enough to throw the 'London market into confusion.'¹⁶ The French loan of £80,000,000 was brought out on 26 June 1871 and payments representing about £10,000,000 fell due here in July. 'The proceeds of the draft on London were taken by 'Germany in gold, and the consequence was that in addition to large purchases in the open market fully £5,000,000 in sovereigns left the Bank of 'England.'¹⁷

The disturbance in the English money market caused by the French indemnity was comparatively small, but the demand by Germany in 1873 for the establishment of a gold coinage occasionally gave rise to pressure. The reaction in Germany from a period of excessive speculation due to the abundance of capital,¹⁸ produced serious embarrassments at Berlin and Frankfort, and in the autumn a still graver crisis began in the United States with the failure of several banks which had commanded general confidence.¹⁹ The effect of these foreign disturbances was indicated in England by rapid changes in the Bank rate,²⁰ but notwithstanding fluctuations in the money market 'the marvellous expansion of trade, increase of profits and activity 'of business which have made the short period from 1871 to 1874 historically 'interesting'²¹ reached their climax in 1872-3. One result of this prosperity was a general and rapid rise in prices, which was noticeable first in the iron and then in the coal trade.²² The high price of coal led naturally to an increase in the price of the innumerable articles wholly or partially produced by steam power. The railway companies in particular found their expenses

¹⁵ *Ann. Reg.* 1871, p. 139.

¹⁶ *Ibid.*

¹⁷ *Ibid.* p. 140; *Statistical Abstract of the United Kingdom* (c. 3266), p. 153.

¹⁸ In Prussia alone 687 new joint-stock companies were founded during 1872 and the first six months of 1873 (D. A. Wells, *Recent Econ. Changes*, 5).

¹⁹ In this case the disaster was said to be due to the investment of an undue proportion of capital in railway construction (*Ann. Reg.* 1873, p. 91).

²⁰ *Ann. Reg.* 1873, p. 92; *Statistical Abstract of the United Kingdom* (c. 3266), 1867-81, p. 153.

²¹ Buxton, *Finance and Politics*, ii, 136.

²² The coal-owners were accused of making undue profits, and it was stated that the rise in wages would barely account for a tenth of the rise in price. According to the *Ann. Reg.* 1872 some kinds of coal had doubled in price within the 12 months, and the average increase in the cost of household coal was 'not less than 40 per cent.' (*Ann. Reg.* 1872, p. 92).

of working and maintenance greatly increased, as they were not only large consumers of coal but incurred additional expense in laying their rails, owing to the high prices of both material and labour. It was said that the unusual rapidity with which the rise in wages had succeeded the rise in prices had enabled the industrial classes to bear with equanimity the dearness of almost all commodities.²³ Trade continued to be active, and, though the rate of increase was said in 1874 to have slackened, the evidence given before the Parliamentary Commission of 1886 shows that production, employment and profits at such great manufacturing centres as Birmingham and Huddersfield were above the average until 1875.

It has been asserted that 'the "prosperous" time of 1871-4, to which many persons look back with longing eyes, was probably on the whole 'commercially disadvantageous to England,' and that 'the high wages so 'easily earned were of slight permanent advantage to the working classes.'²⁴ Yet few people now deny that at least a part of the work of the trade unions has been of more than slight permanent advantage to the working classes, and in this connexion three facts may be noticed:—(1) Trade unionism 'reached in 1873-4 one of its high-water marks,'²⁵ that is, the greatest expansion of the movement immediately followed the attainment of the highest rate of wages; (2) in coal-mining, the trade in which the inflation was perhaps greatest, the growth of combination was so rapid that during this time 'the centre of gravity of the trade union world was . . . shifted from 'London to the industrial districts north of the Humber';²⁶ and (3) in agriculture—the one industry which did not share the general prosperity—the Agricultural Labourers Union was entirely unable to stand its ground.²⁷

But, though it was thus under the influence of the expansion of trade that trade unionism developed most rapidly, there had been for some years various causes at work which tended to bring the movement prominently before the political world. First among these may be mentioned on the one hand the desire for an investigation which arose in connexion with the Sheffield outrages (1866), and on the other the change in the policy of the trade unions themselves under the able guidance of the five leaders now usually described as 'the Junta,' who urged upon trade unionists the importance of registering their names as electors, and of pressing on every candidate the question in which they were primarily interested, the legalization of their position. The Liberal Government was, however, far too much engrossed in such questions as the disestablishment of the Irish Church and the discussion of the 'Alabama' controversy with the United States to give time to the

²³ *Ann. Reg.* 1872, p. 133.

²⁴ Buxton, *Finance and Politics*, ii, 141.

²⁵ Webb, *Hist. of Trade Unionism*, 327. See also *ibid.* 311. 'The year just closed,' says the Report of the Parliamentary Committee in January 1874, 'has been unparalleled for the rapid growth and development of trade unionism.'

²⁶ Webb, *op. cit.* 284.

²⁷ The Agricultural Labourers Union was founded in Warwickshire in 1872, under the leadership of Joseph Arch, himself a labourer. The movement spread over England, but its success was short-lived, for the difficulties which arose from disconnected branches and scattered members and the strong opposition of the farmers brought about its collapse (*ibid.* 315-19).

immediate consideration of wishes and aims with which they had, after all very little sympathy. Their attitude towards the working man was by no means devoid of benevolence, but this was largely neutralized by an almost morbid dread of attempting to regulate industry, lest trade should thereby be restricted and the last state of the artisan be worse than the first. This belief, which was characteristic of the time, was, moreover, not the only cause tending to obstruct the fulfilment of trade union aims. The industrial dislocation produced by strikes and lock-outs occasioned widespread public inconvenience, and the quarrels between capital and labour had come to be regarded as matters of public concern. It has been pointed out that the 'strike jobber,' George Potter, 'at no time represented any genuine trade organization,'²⁸ but the average member of Parliament in the early 'seventies may well be pardoned for not perceiving it; the cracked voice has often a quality of penetration exceeding that obtained by the finest instrument.²⁹ The Junta had therefore not only to dissociate themselves from turbulence, but also to convince the lay mind that they and their friends were the authorized and typical representatives of the trade union movement.

The reports of the Royal Commission on Trade Unions, which were published in 1869,³⁰ did much to remove distrust, and the attitude of the Junta, enthusiastic yet conciliatory, was admirably fitted to strengthen the foundations of a more favourable opinion. The trade union leaders had, moreover, some good friends outside their own ranks, who kept their cause constantly before the House of Commons. On 18 February 1869 Edward Temperley Gourley asked if it were the intention of the Home Secretary to bring in a Bill for legalizing trade union funds,³¹ and after Bruce had replied that he had been informed that Russell Gurney's Act of the previous year had already effected that object Serjeant Cox³² explained that 'according to the declaration of the law . . . it would seem that the very legality of 'these trade unions was questioned.' In that event he would ask the government to introduce—'within a week from the time when the Report of the 'Commission was laid upon the table—a Bill for the purpose of extricating 'them from the difficulty in which they would be involved.' Bruce answered that the government would 'lose no time in legislating on a question the 'importance of which . . . cannot be overestimated.'³³ It would seem, however, that it was possible to underestimate that importance, for the government showed no disposition to spend time in legislating on the question

²⁸ Webb, *op. cit.* 238.

²⁹ 'The unwary reader not only of the *Beehive*, but also of the *Times*, might easily believe him (Potter) to have been the most influential leader of the working class movement' (Webb, *op. cit.* 238). The *Times*, however deeply deceived, is at any rate a good index to the average middle-class impressions of that time; and the impression created by Potter is further indicated by the fact that several articles by him appeared in the *Contemporary Review* (xiv, 404; xvi, 437; xvii, 107, 525).

³⁰ The majority report contained no recommendation adverse to trade unions, and the minority report, signed by Frederic Harrison, Thomas Hughes, and the Earl of Lichfield, advised the removal of all special legislation relating to labour contracts, and urged that no act by a combination of men should be regarded as criminal if it would not have been criminal in a single person.

³¹ *Hansard* (3rd Ser.), cxciv, 112.

³² On 26 Feb. (*ibid.* 366).

³³ *Ibid.*

until it was again brought before the House by Thomas Hughes, member for Frome, but better known as a Christian Socialist and author of *Tom Brown's School Days*, who, with the support of Mundella, introduced a Bill which had been drafted by Frederic Harrison at the beginning of the year.³⁴ A great demonstration in favour of this Bill was held at Exeter Hall, and the debate on the second reading in the House of Commons showed on both sides 'a disposition to relax to some extent the Combination Laws and to relieve the unions from the disabilities as to holding and recovering property to which they were subject.'³⁵ Bruce, on behalf of the government, again admitted the importance of the matter, and promised legislation another year, as the cabinet would be unable to devote the necessary time to it during that session.³⁶ In the meantime he undertook to bring in a Bill by which the protection afforded to friendly societies for their funds and the remedies which the law gave them should be provisionally extended to the trade unions. The provisional Bill was accordingly passed at the end of the session.³⁷

Bruce brought in his Trade Union Bill in February 1871.³⁸ He showed that the doctrine of combination in restraint of trade had been gradually turned to the disadvantage of workmen and their societies, and, while censuring some of the aims of trade unions, he maintained that their main object, the protection of the legitimate interests of the workmen, deserved consideration. His Bill, therefore, would sweep away the civil disabilities imposed on trade unions, with certain exceptions. It would establish a system of optional registration, with publication of accounts; those societies which registered would be able summarily to prosecute defaulters, while those which declined registration would be left to the procedure of Gurney's Act. The penal enactments of the statute of George IV would be repealed, but certain offences were retained. Threats and intimidation would be punished summarily in cases where a man might previously have been bound over to keep the peace. Molestation and obstruction would also be punishable, and were defined in such a way as to include personal violence, 'rattening,'^{38a} and picketing by three or more persons.

This clause aroused great indignation in trade union circles, who saw that a wide interpretation might easily be put on the clause defining picketing as 'watching or besetting a house or workshop'; and, as the Act of 1859,³⁹ which had legalized peaceful picketing, was repealed, they felt that their position was hardly more secure than it had been. In the House itself the opposition to the clause was strong enough to induce the Home Secretary to remove it from his Bill, which, thus amended, was sent in April to the House of Lords. The debate on the second reading on 1 May was opened by Albert, third Earl Morley, who, in his speech supporting the Bill, emphasized

³⁴ *Hansard* (3rd Ser.), cxcvii, 1344.

³⁵ *Ann. Reg.* 1869, p. 176.

³⁶ *Ibid.* cciv, 257.

^{38a} 'Rattening' is the practice of abstracting or destroying tools or appliances for the purpose of enforcing compliance with the orders of a trade union or other body.

³⁹ Stat. 22 Vict., cap. 34.

³⁸ *Hansard* (3rd Ser.), cxcvii, 1379.

³⁷ *Ibid.* cxcviii, 992.

the benefits derived by the working classes from trade unions.^{39a} 'They were benefit societies in the largest sense of the word, having sick, burial and—in more than one instance—superannuation funds. They were able also in many cases to regulate the distribution of labour, so as to transport it from places where it was in excess to places where it was deficient.' He further showed that under the law as it then stood all trade unions were 'conspiracies in restraint of trade; the agreements on which they were based were unlawful, and they were incapable of suing civilly, although there were special provisions to enable them to prosecute criminally under certain conditions.' He urged that it was surely unwise to leave such great organizations as the Engineers Society, the numbers of which had increased from 15,000 to 33,000 between 1858 and 1867, outside the pale of the law; and, contending against the common belief that the unions were mere strike societies, showed that in ten years the engineers had spent no more than 6 per cent. of their funds in disputes and the ironworkers only 2½ per cent.

In thus dwelling on the less known activities of the trade unions their friends had probably adopted a wise policy. The Junta held no extravagant views as to the possibilities of social emancipation through direct trade union action.⁴⁰ Their aim was to build up strong societies with a great reserve fund and to make it practically impossible for the employers to conduct their business satisfactorily without employing trade union men and conceding the standard wage, the trade union standard wage being fixed at the amount which the best employers were willing to concede. They advocated political agitation for reform of the law and for extension of the franchise and of national education.⁴¹ As the rate of wages for the skilled trades was rising and there was a corresponding rise in rents, a greater number of working men became entitled to the franchise as £10 householders, and the Reform Act of 1867 largely increased the working class vote. This gave the trade unions a political lever with which to work, and the Junta, especially Robert Applegarth, made persistent attempts to enlarge the views of the rank and file of the movement, 'opening out to those whose vision had hitherto been limited to the strike and the taproom whole vistas of social and political problems.'⁴²

The courage, patience and enthusiasm with which they worked at the double task of moderating the opinions both of supporters and opponents are beyond all praise, but the very fact that they were thus not wholly dissociated from the less clear-sighted and open-minded upholders of their movement made it more difficult to overcome the parliamentary distrust. The laughter which greeted the formation of the 'Social Alliance' in 1871⁴³

^{39a} *Hansard* (3rd Ser.), ccv, 1914.

⁴⁰ Slater, *The Making of Modern England*, 205.

⁴¹ *Ibid.*

⁴² Webb, *op. cit.* 217.

⁴³ This was a scheme proposed by Scott Russell, by which 'some leading members of Parliament' should agree to consult 'a representative council of working men' as to the requirements of the working class, and to discuss with them such legislative measures as might be proposed. The scheme was supported by Lords Salisbury, Carnarvon, Lichfield, Manners and Sandon; Sir John Pakington, Sir Stafford Northcote and Mr. Gathorne Hardy. The proposals of the working men included the foundation of technical schools, an eight-hour day, and the building of garden cities for workmen; schemes which appear to the modern mind to have deserved rather more notice from the government than 'some amusing comments in Mr. Gladstone's speech at Greenwich' (*Ann. Reg.* 1871, p. 119).

suggests that the average member of Parliament was unused to the idea of direct verbal communication with the working class on political subjects ; it is probable therefore that he relied on such expressions of their views as he could find in newspapers and magazines. The tendency of a newspaper is usually to over-emphasize the more sensational part of any movement, and, though the moderate view was ably expressed in the *Fortnightly* and other reviews, these articles were, for the most part, by such middle-class friends of trade unions as Professor Beesly and Frederic Harrison, and were therefore liable to be regarded as not really representative of the labour point of view. The moderate trade unionists were also well represented in the *Beehive*, a weekly paper which appears about this time to have become known outside the working class to whom it was chiefly addressed ;⁴⁴ but, although such leaders as Applegarth, Howell and Shipton contributed articles, the editor was Potter,⁴⁵ whose activities were not such as tended to reassure the nervous.

Moreover, some anxiety was being caused by the sympathy of trade unionists with the International Association of Working Men.⁴⁶ This society had its origin in a conference between a deputation of French workmen and their British brethren in connexion with the International Exhibition of 1862 in London. It was not till 1864 that the association was actually founded at a meeting of working men of all nations held in London under the chairmanship of Professor Beesly. The ruling spirit of the movement was Karl Marx, whose endeavour was to obtain 'the emancipation of 'the working classes' by means of international socialism. The interpretation of the term 'emancipation' very naturally varied according to the ideas of each different nation : the English defined it as a general rise in wages ; to the Germans it meant the abolition of wages and the State direction of all trade ; while the Russians interpreted it to mean something much more drastic. At the yearly congresses held at different European centres the general policy of the association was declared. An eight hours working day was advocated, partly with the view of organizing a system of education to raise the working man intellectually to the level of the upper and middle classes. Co-operation was to be encouraged and the nationalization of mines, forests, lands, transport and communications was proposed in order that such properties might be handed over to associations of workers. War was to be resisted as systematic murder and to be combated by means of a universal strike. To attain these objects it was obvious that political power must be acquired, and therefore the cry was raised of 'Proletarians of all 'lands, unite.' The movement had a great success as regards numbers, and in 1870 almost every European country sent delegates to its congress. But its success was the cause of its downfall. Those who were at first brought together were largely drawn from the class of political exiles with whom the idea of elimination of nationality implied no difficulty, but the later meetings

⁴⁴ The British Museum files begin in 1869.

⁴⁵ Webb, *op. cit.* 282.

⁴⁶ *Hansard* (3rd Ser.), ccc, 1183 *et seq.*

of the congress were attended by those who had no such bond of sympathy ; they could not even speak each other's language and represented completely different temperaments, methods of thought and modes of living. The climax came when Michael Bakunin, the Russian anarchist, and some of his followers advocated Nihilist views and methods. The Marxists argued that the socialist system of collective property could not be maintained without a central organization, call it a state or what they would. On the other hand the Bakuninists insisted that this was perpetuating the old forms of tyranny and adhered to the doctrine of Proudhon that ' the true form of ' state is anarchy ' or the absence of any ruler. Property, they said, should be held and industry undertaken by groups of workmen. The Marxists replied that such conditions were impracticable. Thus the International met the fate of many other revolutionary societies and fell a victim to the mistrust of leaders and internal divisions as to doctrines. Marx transferred the seat of the General Council from London to New York, but in 1873 the association was dissolved. The principles which it advocated have been revived from time to time and the movement started by Bakunin has never entirely died out in Russia.⁴⁷

The more dangerous doctrines of the International had not as yet any firm hold on the trade unions. There was, however, a feeling of distrust among members of Parliament that the action of the unions could not, or would not, be carried on without intimidation. This feeling appeared in the debates on the Criminal Law Amendment Bill of 1872, which contained the penal clauses that Bruce had been persuaded to remove from his Trade Unions Bill, and thus rendered nugatory the concession previously made by the government. The opposition which had been strong enough to enforce the concession was, however, not strong enough to maintain it, and the Bill was rapidly passed through both Houses, the only amendment of importance being that moved by Lord Cairns, which substituted ' two or more ' persons for the three originally mentioned in the clause against picketing.

The irritation aroused in the trade union world by this Act was intensified by the action taken under it in the following year in connexion with the gas stokers' strike, when five of the leaders were indicted for conspiracy to coerce their employers by simultaneously leaving their work, and were sentenced to a year's imprisonment. The agitation which had already been begun to secure the repeal of the Act was vigorously continued throughout Gladstone's ministry.⁴⁸ In June 1873 William Vernon Harcourt brought forward a resolution to amend the law relating to conspiracy.⁴⁹ He referred to the case of the gas stokers and that of certain merchant seamen, who had been imprisoned for refusing to put to sea and were afterwards released, without compensation for imprisonment, because the ship had been condemned

⁴⁷ Compare Kirkup, *Hist. of Socialism* (4th ed.), p. 178 *seq.* and Rae, *Contemporary Socialism* (2nd ed.), p. 149 *seq.*

⁴⁸ The most active spokesmen of this agitation inside the House were Henry James and William Vernon Harcourt, both experienced lawyers (*Hansard*, 3rd Ser., cccii, 751, 1130).

⁴⁹ *Ibid.* cccvi, 572.

as unseaworthy. Thus to show men that a breach of contract involved the sacrifice of their personal liberty was, he declared, to strike a heavy blow at such contracts. 'Apart from the breach of contract there was nothing in 'the course pursued by the men which, according to the principle intended by 'Parliament in 1871, ought to have been regarded as illegal.' He spoke, not with respect to the law, but the intention of Parliament; the results were due to legislation which established a sort of chaos in the criminal law, so that when 'men who were appointed to execute the law really did execute 'it, Parliament . . . shuddered at the laws itself had made.'⁵⁰ The resolution was supported by Auberon Herbert, member for Nottingham, who ascribed to the strength of feeling excited among working men the fact that attendance at the Trade Union Congress had nearly trebled since the preceding year, and agreed with Harcourt in thinking that such dissatisfaction as existed in the working class was a menace to the prosperity of trade.⁵¹

Lord Elcho, on behalf of the government, replied that Newton, secretary of the Executive Trades Committee, had stated that it would be necessary to protect both masters and men from wilful violation of contract on the part of persons knowing that their acts would injure the employer and indirectly their fellow-workers. They must be very careful how they repealed the law of conspiracy either in part or whole, more especially when it was to be repealed at the instigation of combinations which were absolutely and knowingly intended to repress individual freedom both of will and action.⁵²

To this Henry James⁵³ replied that the workmen's experience was that 'without combination all attempts to improve their condition were hopeless'; their right to combine had been admitted, yet they could not combine to break a contract—an act which 'would not have been criminal on the part of 'any other subject.'⁵⁴ The resolution was supported by legal opinion in the House, the law officers had declared six months earlier that the law was unsatisfactory,⁵⁵ and the Attorney-General himself suggested the speedy introduction of Harcourt's scheme,⁵⁶ but the government 'did not think it 'necessary to bring in a Bill to amend the Act of 1871,' though they admitted it would be their duty to do so if the law laid down by the judges were correct.⁵⁷

Under these circumstances the old idea of keeping trade unions out of politics gave way to the attempt at concerted political action, and at the election of 1874, when the Conservatives came into power with Disraeli at their head, a general campaign for direct representation in Parliament was a significant expression of the new feeling. Thirteen Labour candidates went to the poll, and of these Alexander Macdonald and Thomas Burt became the first Labour members of the House of Commons. A Royal Commission was almost immediately appointed to inquire into the operation of the 'Labour Laws'; and, though trade unionists at first regarded this as a

⁵⁰ *Hansard* (3rd Ser.), ccxvi, 572.

⁵¹ *Ibid.* 590-2.

⁵² *Ibid.* 584-8.

⁵³ Afterwards Lord James of Hereford.

⁵⁴ *Ibid.* 607-8.

⁵⁵ *Ibid.* ccxvii, 1540.

⁵⁶ *Ibid.* ccxvi, 596.

⁵⁷ *Ibid.* 608-9.

device for shelving the question, they were to a certain extent reassured by the new Prime Minister's interest in industrial conditions, and the very real sympathy of the new Home Secretary, Richard Assheton Cross. In June Cross introduced two Bills for altering respectively the civil and criminal law, and these measures, as amended in committee by Anthony J. Mundella, member for Sheffield, and others, completely satisfied the workers' demands. The Criminal Law Amendment Act of 1871 was unconditionally repealed, and the Conspiracy and Protection of Property Act limited the application of the law of conspiracy. The Master and Servant Act of 1867 was replaced by the Employers and Workmen Act, by which both parties became responsible under the civil law alone. Imprisonment for breach of contract was abolished, and peaceful picketing was permitted.⁵⁸ For more than twenty years this legislation was supposed to have settled satisfactorily the legal status of trade unionism.

Elementary education was another social question which was pressing. It has already been stated that the Junta advocated the use of political action not only for the recognition of trade unions but for the extension of national education, and in the pursuit of this aim they received a quicker sympathy from Parliament: 'the perils of democracy combined with illiteracy were tolerably well realized.'⁵⁹ In 1869 both the Education League and the Education Union had been formed. The first of these demanded the provision of free and unsectarian or secular schools by local authorities through local rates, together with compulsory attendance, while the second advocated the development of the voluntary system, so that it might become universal, and definite religious instruction.

These two parties were the Scylla and Charybdis between which W. E. Forster, member for Bradford, had to steer the Education Bill which he launched in the early days of 1870.⁶⁰ This Bill did not make education either free or compulsory,⁶¹ but it did require that there should be available in every district a public elementary school under State inspection. If in any of the school districts formed under the Act sufficient voluntary schools did not exist and were not formed, a School Board would be appointed to build and maintain schools at the cost of the rates. In regard to the religious difficulty a compromise was effected: all religious instruction was to be given either at the beginning or end of school, and parents might withdraw the children if they chose; the religious instruction given should be of an unsectarian character.⁶²

The Education Act of 1870 was supplemented by the Agricultural Children's Bill, introduced into the House of Commons in 1872 by Clare S.

⁵⁸ Though it remained unlawful to use threats, to follow a workman persistently, and to watch or beset his house or workshop, a proviso was made by which watching or besetting for the sole purpose of giving or receiving information should not be considered within the meaning of the Act.

⁵⁹ Slater, *The Making of Modern England*, 188.

⁶⁰ *Hansard* (3rd Ser.), cxcix, 438.

⁶¹ Compulsion did not come till the Act of 1876.

⁶² *Hansard* (3rd Ser.), cc, 287-9. The religious compromise is generally known as the Cowper-Temple clause.

Read, member for Norfolk.⁶³ The object of this Bill was to prevent children in agricultural districts from being taken from school on trivial pretexts as soon as they were old enough to be of any use. A somewhat similar provision for the education of working class children in mining districts had already been made by the Mines Regulation Act. Early in 1871 the Home Secretary had 'received from the Association of Miners a proposition of a new and startling nature—viz., that no child should be allowed to enter a colliery until he had reached the age of twelve years, and not even then unless he passed a certain examination, which would secure proficiency in reading, writing and arithmetic; and that for young persons of from twelve to sixteen years the labour should be limited to eight hours a day; and that these young persons should attend school a certain number of hours a week.'⁶⁴ Henry A. Bruce, Home Secretary, protested that he 'did not doubt the sincerity with which the association endeavoured to promote the education of children of their own class, but . . . it was known that many of the trade unions had made it one of their objects to prevent the employment of children so as to keep up the rate of wages by keeping down the number of persons employed, and when such a proposition as this was made we must see in it some object other than the advance of education.'⁶⁵ These suspicions of a sinister design did not, however, prevent him from seeing that some improvement was necessary. The law as it then stood provided that a child of ten, who could pass an examination in reading and writing, might be employed in a mine, but it took no security for the character of the examination. As soon as he had passed he 'was employed without restriction as to hours, and that under 'circumstances of a kind most adverse to culture.'⁶⁶ Bruce proposed that children might still be employed at the age of ten, but that their employment should be limited to three days a week, and that they should attend school ten hours a week. These restrictions were to be maintained up to the age of thirteen. He further proposed to limit the time of labour for boys under sixteen to fifty-six hours a week, and to provide that under no circumstances should a boy be kept down a pit more than twelve hours of the day, including an hour and a half for meals and rest.⁶⁷ It was not, however, on the clauses affecting children that the greater part of the debate turned. Bernhard Samuelson, member for Banbury, wished the Bill to establish 'a system of 'real inspection,' and it was this proposal that roused the most vigorous discussion. He stated that in the previous year the men had demanded inspection at short intervals. Under the system of inspection then existing it was only after, and not before, an accident that the inspector's duties came into play, so that there was no competent independent evidence as to the condition of the mine at the time. It might be impossible to inspect mines as frequently as the workmen had suggested, but he did not see that a system of thorough inspection would be difficult to establish.⁶⁸

The Home Secretary gave way to these arguments so far as to include in the Bill a valuable provision for the certification of managers,⁶⁹ and to suggest

⁶³ *Hansard* (3rd Ser.), cccxi, 1657.

⁶⁴ *Ibid.*

⁶⁵ *Ibid.*

⁶⁶ *Ibid.* cciv, 196.

⁶⁷ *Ibid.* 193.

⁶⁸ *Ibid.* ccxii, 498.

⁶⁹ This was one of the amendments originally proposed by Staveley Hill (see below).

that the mine should be inspected by two of the miners themselves. The government, he explained, was 'not prepared to grant a periodical inspection of mines with a report on their condition. The number of inspectors would have to be enormously increased at a very considerable expense; for only men in whom the public could have confidence could be employed, and their remuneration must be high.'⁷⁰

In 1872, during the consideration of the Mines Regulation Bill, a conference of representatives of workmen and employers met to discuss the measure with two of the inspectors.⁷¹ These representatives of the three interests concerned held meetings for five days under the presidency of Lord Elcho; 'every question' was fully discussed, and at last an agreement was come to on all points.⁷² Various amendments were proposed, and Hill, who seems to have undertaken to bring them to the notice of the Home Secretary, complained that they had been almost entirely ignored.⁷³ Some of them were, however, introduced by Bruce into the second draft of his measure, though he tartly declared that 'a most improper use had been made of these meetings. . . . He had 'not the slightest objection to such discussions and agreements, but they 'ought not to be used to influence the decisions of the committee.'⁷⁴ To this Lord Elcho replied that the conference had 'consisted of practical men, who had a common interest in the subject. They had discussed the question in all its bearings, and all he would say for their amendments was that, coming from such a quarter, there was a *prima facie* case made out in their favour.'⁷⁵

In the coal trade the period of prosperity upon which we are entering was marked by the institution of a system of individual arbitrators for the adjustment of all questions with regard to work and wages between employers and men; and in the cases of Northumberland and Durham by the establishment of joint committees to interpret and apply the county rates of wages. Out of this system the principle that wages should follow prices became accepted by both masters and men, and the sliding scale method was adopted in 1877. So long as prosperity continued this method answered its purpose, but with the later period of depression, when wages were more difficult to adjust, it became discredited and Wages Boards took its place. It is noteworthy that all these developments arose spontaneously within the industry itself and were unaffected by legislation. The question of inspection also arose in the discussion on the various Merchant Shipping Bills of this period. The subject of a compulsory load line was brought forward as early as 1868 by Samuel Plimsoll, member for Derby, 'the sailors' friend,' whose chief anxiety was to prevent unseaworthy or overladen ships from putting to sea.⁷⁶ He 'proposed to constitute the local Courts of Admiralty in some 'sort local Boards of Trade,' so that the whole machinery of the court might readily be put in motion for the survey or detention of a ship; but the government contended that this was 'a costly scheme which would

⁷⁰ *Hansard* (3rd Ser.), cccii, 500.

⁷¹ Alexander Macdonald, afterwards one of the first Labour M.P.'s, was the workmen's representative at this conference (*ibid.* 26).

⁷² *Ibid.* 28.

⁷³ *Ibid.* 27.

⁷⁴ *Ibid.* 502.

⁷⁵ *Ibid.* 503.

⁷⁶ *Dict. Nat. Biog.*

'cause vexatious interference with trade,' and questioned whether 'it was worth while to employ an army of officials of high character, at great cost, in the hope of preventing a few out of the very limited class of accidents and disasters which produced loss of life and property at sea.'⁷⁷ Chichester Fortescue, then President of the Board of Trade, stated that the government had prepared a Bill which 'would meet the necessities of the case far more effectually and upon a sounder principle.'⁷⁸ The difference between this proposal and that of the member for Derby was that 'whereas the honourable member wished to impose a compulsory and indiscriminate survey with all the inconveniences consequent thereupon,' the government thought it best to place the demand for the survey 'in the hands of those most nearly interested,' the sailors themselves.⁷⁹ This was entirely in accordance with the popular parliamentary belief that the adult worker was a 'free agent,' but, however sound in principle the Bill might then be considered, in practice it soon became clear that it did not 'meet the necessities of the case' at all 'effectually.' On 4 March 1873 Plimsoll, supported by Admiral Sir John Dalrymple Hay, member for Stamford, and Sir John Pakington, member for Droitwich, moved the appointment of a Royal Commission,⁸⁰ showing the necessity for an inquiry by quotations from the Board of Trade returns and by information received from shipbuilders and repairers.⁸¹

Chichester Fortescue further remarked that he 'thought the House would agree with him that things were not so bad in the mercantile marine as the honourable member for Derby supposed,' and 'believed that' Sir John Pakington 'had much over-calculated the number' of preventable casualties.⁸² He, however, admitted that 'the statements made in the official records, from which the most trustworthy parts of the case were derived, furnished a foundation of facts quite sufficient to justify and support further inquiry.' Pending this inquiry a Bill was passed giving power, upon information, to detain an overloaded as well as an unseaworthy ship.⁸³

In the winter of 1874-5 the Commission made its report, upon which Sir Charles Adderley, the new President of the Board of Trade, founded his Merchant Shipping Bill.⁸⁴ In his introductory speech on 8 February 1875

⁷⁷ *Hansard* (3rd Ser.), cciv, 685-6.

⁷⁸ *Ibid.*

⁷⁹ *Ibid.* The seaman who made the complaint was to pay the expenses of the inspection if the ship was not condemned; otherwise the owner had to meet the expense (*ibid.* ccxiv, 1344).

⁸⁰ Mr. Plimsoll had employed the interval by publishing his book, *Our Seamen*, which aroused throughout the country a feeling which, as Sir John Pakington said, 'put it out of the question for this or any other government to refuse the investigation asked for' (*Hansard* [3rd Ser.], ccxiv, 1336; *Dict. Nat. Biog.*; *Ann. Reg.*).

⁸¹ Sir John Hay stated that every member of the House who had served in the Navy, with one exception, thought that a committee should be appointed, and pointed out that the motion for an inquiry, which he had brought before the Commons in the previous year, had been supported by two ex-Presidents of the Board of Trade, Sir Stafford Northcote and Stephen Cave (*Hansard* [3rd Ser.], ccxiv, 1336).

⁸² Sir John Pakington stated in reply that the figures he had quoted were recorded at Lloyd's, and referred to the year 1871; not, as Fortescue supposed, to 'the last ten years' (*ibid.*).

⁸³ In practice this clause was sometimes evaded, a ship escaping to sea before the Board of Trade inspector could arrive. (See questions, *Hansard* [3rd Ser.], cciv-ccxxxi *passim*).

⁸⁴ *Ibid.* ccxxii, 125.

he explained that the subject of marine insurance, which he believed to be at the root of the whole matter, could not be dealt with by legislation until there was some understanding with other nations, and the government was then engaged in correspondence on this point. As to government inspection, the Bill did not depart from the prevailing principle of examining cases reported as suspicious,⁸⁵ but it did make other provisions for safety by dealing with overloading, deck-loads, the supply of boats, etc., and by increasing the liability of shipowners for damages arising from the unseaworthiness of the ships.⁸⁶ The government, however, saw no possibility of making a compulsory load-line,⁸⁷ though so experienced a shipowner as Charles Henry Wilson, member for Kingston-on-Hull, thought that there was not the slightest difficulty in doing so,⁸⁸ and E. T. Gourley, member for Sunderland, stated it had already been done at Montreal.⁸⁹

Some progress was made with the government Bill in Committee, but on 22 July Disraeli, in a statement on the progress of public business, announced that in order to secure time for passing the Agricultural Holdings Bill the government had decided not to push the Merchant Shipping Bill any further that session.⁹⁰ To Plimsoll this disappointment, coming at a time when some, at least, of the fruits of his seven years' unceasing labour had been almost within his grasp, seemed too great to be borne. 'Sir,' he said, 'I earnestly entreat the honourable gentleman at the head of Her Majesty's government not to consign some thousands of living human beings to undeserved and miserable death. . . . Under the Board of Trade since 1862, when unhappily the commercial marine of this country was committed to their care, matters have been getting worse and worse, with the aid of shipowners of murderous tendencies outside the House, who are immediately and amply represented inside the House, and who have frustrated and talked to death every effort to procure a remedy for this sort of thing.'⁹¹ He proceeded to give notice that on the following Tuesday he would ask a question of the President of the Board of Trade concerning certain ships, lost with eighty-seven lives in 1874, and others abandoned early in 1875 (all of which had been owned by a member of the House). 'I am determined,' he said, 'to unmask the villains who send [our sailors] to death and destruction,' whereupon he was interrupted by loud cries of 'Order!' and great excitement.⁹² Though this outburst led to Plimsoll's suspension, it gained him his point, for it was agreed that a temporary measure should be passed.⁹³ This Bill gave to the Board of Trade, for a year, extraordinary powers of detaining ships, the shipowners taking the responsibility of fixing the load-line. The Bill which was finally brought in by the government in 1876 retained most of these provisions, and in regard to deck-loads further restrictions were imposed.⁹⁴

By 1876 the depression of trade, which had begun to be noticeable here and there in the previous year, was felt in all departments. The report of

⁸⁵ *Hansard* (3rd Ser.), cccxii, 128.

⁸⁶ *Ibid.* 129-30.

⁸⁷ *Ibid.* 128.

⁸⁸ *Ibid.* 136.

⁸⁹ *Ibid.* 135.

⁹⁰ *Ibid.* cccxv, 1822.

⁹¹ *Ibid.* 1823.

⁹² *Ibid.* 1824.

⁹³ *Ann. Reg.* 1876, p. 52.

⁹⁴ *Ibid.*

the Parliamentary Committee of the Trade Union Congress showed that the coal and iron trades were suffering severely and wages had been reduced. The textile trades were also in a very unsettled condition, and the short-time movement adopted by many millowners caused considerable hardship among the workers. Hopes of a speedy revival of trade lasted till the early months of 1877, and there was a kind of unanimity in the way in which the outbreak of war between Russia and Turkey was held responsible for their destruction.⁹⁵ 'The stoppage of the Black Sea trade,' stated a writer of an annual trade review, 'has thrown tonnage in other directions unexpectedly, but it only now requires a cessation of hostilities to bring about a lively demand for freight. The blockade, which has acted prejudicially to one branch of our commerce, has advantageously affected the relations between this country and India; for both oil-seed and grain have poured in from that country.'⁹⁶ Cotton was also thought to be doing well during the first six months, and the exports for the whole year exceeded those of 1876. The price of woollens had declined, but the same writer considered that, 'looking at the condition of this trade on the Continent, it is matter for congratulation that this country has been so well able to hold its own.' To the iron trade he had no consolation to offer,⁹⁷ but in regard to shipping he cheerfully pointed out that the lowness of freight, though 'undoubtedly unsatisfactory from the shipowners' point of view,' was 'something in the merchants' and consumers' favour.'

A similar opinion was expressed in another trade review for 1878.⁹⁸ 'Bad trade has so far profited the consumer that all the necessities of life have been cheaper than they were in prosperous times. If it were not for this mitigation the effect of repeated reductions in the rate of wages, ineffectually opposed by strikes, of withdrawals of capital, of bankruptcies and liquidations, of banking disasters, of alarms in the money market,⁹⁹ of ministerial embarrassments in finance and of augmented taxation, actual or prospective, would have been far more severely felt. As it was, in spite of some distress . . . the Poor Law returns showed no extraordinary increase of pauperism until the last few weeks of the year, when the hard weather and the want of employment combined to cause widespread suffering.'

In 1879 the prevailing depression was completed by the collapse of English agriculture, which had not shared in the prosperity of trade during the first years of the decade, though there had been some good harvests. As early as 1870 our imports of wheat 'showed a discouraging increase, owing to the bad harvest of 1869 and the goodness of the corresponding season abroad,' and it was stated that 'there was a decrease of nearly 200,000 acres, compared to the previous year, in the land under wheat cultivation.'

⁹⁵ See *Ann. Reg.* 1877, p. 114; *Daily News*, 31 Dec. 1877, and 7 Jan. 1878.

⁹⁶ *Daily News*, 7 Jan. 1878.

⁹⁷ According to this review the price of pig-iron had fallen from £7 per ton to £2, and of the manufactured article almost proportionately.

⁹⁸ *Times*, 31 Dec. 1878.

⁹⁹ 'The Bank rate was lowered in January from 4 per cent. to 3 per cent., and afterwards to 2 per cent. It did not again touch 4 per cent. till August. Later, the Glasgow Bank failure compelled another precautionary rise,' but in December it was thought safe to maintain it at 5 per cent. 'The fluctuations in the ordinary commercial terms for the use of money were much wider' (*The Times*, 31 Dec. 1878).

In the same year it was noted that the import of preserved meat from the Australian colonies was 'fast growing in popularity,'¹⁰⁰ but this, as well as the supplies from the Continent, was considered of somewhat inferior quality; and as late as 1872 a bad attack of foot-and-mouth disease among English cattle and sheep led to an enormous rise in the price of meat.¹ In this case, however, foreign competition was greatly lessened by the fact that there was a like epidemic in Germany, France, Belgium and Holland, whence it was said to have been brought to England by imported cattle.

In 1871 the wheat harvest was described as 'inferior,' but 'there was a great demand from France for seed and corn for immediate consumption, to satisfy which we sent over for many weeks together as much as 30,000 quarters.'² This year was, however, followed by a series of bad or indifferent harvests, and, though the harvest of 1878 was good,³ it was followed by the black year of 1879. The long and bitter winter was succeeded by a spring and summer of incessant rains, which are recalled in agricultural districts to-day as a time of unparalleled disaster. The hay was ruined; the average yield of wheat was 15½ bushels per acre, or only half a crop; the yield of other cereals was hardly better, and the quality was as poor as the quantity was small. Up to this time bad harvests had been followed by some increase of price, but in 1879 the American harvest was unusually bountiful, and prices fell instead of rising. Moreover, the market was flooded with American cheese, which brought the value down to a record low price; and rot, pleuro-pneumonia and foot-and-mouth disease destroyed the flocks and herds. Many farmers and landlords were ruined; investment of capital in land was checked; labour began to be economized to the utmost, and the depopulation of country districts was greatly accelerated.

It was not until July 1879 that a debate on this subject was raised in the House by the motions of Henry Chaplin, member for Lincolnshire, and David MacIver, member for Birkenhead, in favour of the appointment of a Royal Commission to inquire into the causes of the agricultural and commercial depression. Many explanations had already been attempted. 'You have to meet the competition of other countries,' Bright told a great meeting of his supporters.⁴ 'Your own race on the American Continent are your foremost rivals.' It need hardly be said that he did not ascribe this pre-eminence to the American tariff; the explanation was, he thought, to be found in the fact that America had 'not yet bred a Beaconsfield or a Salisbury to misdirect her policy and waste her resources'; but other voices were not wanting to declare that 'reciprocity' would be a far more effectual method of meeting foreign competition than the dismissal of a Salisbury or even a Beaconsfield. It is clear that, though contemporaries were pretty well agreed that the main causes of the depression were (a) labour troubles, (b) foreign

¹⁰⁰ *Ann. Reg.* 1870, pp. 79, 80.

¹ *Hansard* (3rd Ser.), ccx, 966.

² *Ann. Reg.* 1871, p. 141.

³ 'Fortunately a good harvest and plentiful supplies from all foreign countries have kept down the price of bread' (*The Times*, 31 Dec. 1878).

⁴ *The Times*, 27 Oct. 1879.

competition, and (c) losses in the East, they differed as to the remedies which they suggested. For this reason it will be better to take separately each of these so-called 'causes,' and enumerate the remedies proposed for its cure.

In reality the labour troubles which marked the latter half of the decade were not a cause, but the result, of the depression. Though the 'repeated reductions in the rate of wages' were at first 'ineffectually opposed by strikes,' by 1878 the workmen had learned to recognize the fact that capitalists found it difficult to maintain their enterprises at all. The reduction in wages did not prevent unemployment, and the great trade unions which had provided 'unemployed pay for their members were reduced to a state approaching bankruptcy.⁵ Under the circumstances legislation for the bettering of conditions came to be regarded less as a sop thrown to Cerberus than a necessary mitigation of distress.

As early as 1872 Sir John Pakington had suggested that workmen would have less reason for discontent if the provision of better dwellings at more reasonable rents were aided by legislation,⁶ and the Artisans' Dwellings Bill for this purpose was one of the earliest measures of Disraeli's government. The Bill, which applied only to dwellings in large towns, was introduced on 8 February 1875 by Richard Assheton Cross, but was not passed. He appealed to 'the political economist who may be inclined to scan this kind 'of legislation too closely' to 'take into account the great waste of life, 'the great waste of physical condition and the want of stamina in the present 'generation and the generation which will spring from it' produced by insanitary conditions.'⁷ His Bill empowered the medical officers to report any insanitary district to the town council, who should pass a resolution that the district was an unhealthy one. Improvement schemes were to be referred to the Home Secretary, but the local authority should have power to let or sell the property on condition that accommodation was made for workmen, and to build in special cases, with the consent of the Home Secretary or the President of the Local Government Board. The criticisms of the Bill were directed at the responsibility thrown on the medical officer, who, in the opinion of some members, was not likely to be independent enough for the position,⁸ but the House was entirely agreed in regard to the main principle.

A similar agreement was shown in the debates on other measures directed to securing better conditions for the working classes, the most important of these being the Public Health Act of 1875 and the Factories and Workshops Act of 1878. The subject of public health much interested Disraeli, who had warmly supported the abortive Bill introduced by James Stansfeld, member

⁵ *The Times*, 31 Dec. 1878.

⁶ *Hansard* (3rd Ser.), ccc, 1209.

⁷ *Ibid.* ccxxii, 100.

⁸ 'As he was the creature of the vestry and the vestry the creature of the ratepayers, little good would be done' (*Hansard* [3rd Ser.], ccxxii, 110).

for Halifax, in 1872;⁹ three of the Acts now in force were passed during Disraeli's government. The Public Health Act of 1875 was perhaps the most important measure of its kind which has been enacted. It organized a system of local health administration and provided a sanitary code of by-laws which has been adopted as a model for all later regulations on the subject. This Act and the subsidiary measures of 1876 and 1878 gave power to the district sanitary authorities in regard to sewage, scavenging, etc., the provision and maintenance of a water supply, and the making of by-laws to secure proper conditions in lodging-houses; to the Local Government Board to take measures for the prevention of infection; and to the Privy Council to order ships to be placed in quarantine on their arrival from an infected port.

Further sanitary improvements in factories and workshops were secured in 1878 by the Factories and Workshops Act, which was, however, mainly a consolidation of the existing laws.¹⁰ This Act, which remained in force till it was superseded by the Factory Acts Consolidation Act of 1901, was introduced by Assheton Cross in February 1878, and was warmly supported by Mundella and Feilden. Sir C. Forster criticized it on the ground that it did not provide sufficiently against the sweating system in home work, but declared that in other respects it had his support. Almost the only opponent of the measure was Robert Tennant, member for Leeds, who repeated the old objections to the 'restraint of trade,'¹¹ and moved 'that all trades and 'manufactures employing the same class of labour should be placed under 'the same regulations.' Mundella replied that 'absolute uniformity being unattainable, the Bill did all that was possible in that direction,' and the House supported him. The measure passed rapidly through both Houses and received the Royal assent before the end of May.

There was less unanimity as to the proper measures for meeting foreign competition. As early as 1871 Robert McFie had warned the House that more should be done to promote agriculture; 'the entire energies of 'the British government had been devoted to the extension of manufactures 'and trade, but *pari passu* we ought to attend to the cultivation of the soil,'¹² and Clare Read had constantly urged the claims of farmers, particularly in

⁹ This Bill was opposed by the northern manufacturers on account of its clauses against the pollution of rivers (*Hansard* [3rd Ser.], cex, 852, 873); and so much time was spent over it in Committee, July-Aug. 1872, that there was no time for the House of Lords to discuss it that session (*ibid.* ccxiii, 640-1). A separate Act constituting local and central sanitary authorities had already been passed, and in the following February Sir Charles Adderley urged that some use should be made of this machinery. 'It would,' he said, 'be most unfortunate if . . . the local government were placed in the position of complete appointments and salaries for work still left impracticable.' Mr. Gladstone, however, answered that 'the moment had not yet come when he could deal with the subject,' and he could not say that it would be in his power that session (*ibid.* ccxiv, 170).

¹⁰ *Ibid.* ccxxxvii, 1434 et seq.

¹¹ 'We are suffering severe competition from our manufacturing rivals in other countries, whose freedom from all restrictions confers enormous advantages which it is almost impossible to contend against; the time will come, and is not so very far distant, when all these legislative restrictions on the freedom of labour and all this parliamentary interference with the right to contract between employer and employed will be swept from the Statute Book' (*ibid.* 1465-6).

¹² *Ibid.* ccix, 776.

regard to the Contagious Diseases (Animals) Act.¹³ But beyond taking measures to facilitate the transfer of land and to give the limited owner more interest in improvements¹⁴ Parliament showed little disposition to concern itself with agricultural questions till these were forced on its notice by the acuteness of the crisis in 1879. An address for a Royal Commission was moved on 4 July in this year by Henry Chaplin, the member for Mid-Lincolnshire, a district which had suffered especially severely from the drenching rain of that disastrous summer. He stated that neither the absence of capital nor the want of security for it could be held accountable for the depression. Nowhere had capital been more largely employed, and nowhere had the security for it been more adequate than in the county of Lincoln. Bad seasons resulting in a bad yield of produce and the bad prices received were the real causes of the depression. 'We cannot control the course of the seasons, but with regard to the prices by which agriculture has been so grievously . . . affected, it is not perfectly clear to what they are owing, and how far it is probable they will be of a passing or permanent character; and it ought to be possible to obtain more information on this point.'¹⁵ Even cheap food, purchased at the expense of our cultivation, would be a most costly commodity, and in the long run the most ruinous we could possess.'¹⁶ The matter was put even more emphatically by David MacIver, who declared that 'our one-sided free trade' had 'destroyed the home market for our own wares and opened no market abroad where we could sell the goods we desired to produce,' and that 'Sheffield artisans had the mockery of cheap food offered to them at the cost of starvation.'¹⁷

Clare Read quoted from an article in the *Nineteenth Century* in which it was stated that 'if you took away all the legal impediments to the investment of capital in the soil in ten years the increase would be 50 per cent.' He thought, on the contrary, that there were 'only two ways in which you can greatly increase the produce of the land—one is by the direct application of manures, and the other by keeping more stock and buying more food for them.' The great hindrance to the application of capital to the land was the fact that this application would not pay.¹⁸ He could not say that he himself was at all over-rented, he was not troubled with ground game, he could get all the buildings he wanted, and had 'the most absolute freedom of cropping,' treating the land precisely as if it were his own.¹⁹ 'But,' he continued, 'if it were really my own there would be this difference—that whereas I now pay the owners something like 3 per cent., and they have to pay the outgoings and keep the buildings in repair, if the land were my own I should certainly want 4 per cent., and I should also have to pay all these outgoings. During the last four years, notwithstanding I have done all I could to grow good crops, I have somehow or other—I will not call it lost, but at any rate the balance is £2,000 against me.' Farmers were told 'that they should keep more stock, but if stock were

¹³ *Hansard* (3rd Ser.), ccvi, 1481; ccxii, 285, 1367-8; ccxiii, 185.

¹⁴ *Ibid.* ccxii, 7; ccxv, 507, 962, 1116, 1541; ccxvi, 344, 503, 1686.

¹⁵ *Ibid.* ccxivii, 1432-4.

¹⁶ *Ibid.* 1440.

¹⁷ *Ibid.* 1461-2.

¹⁸ *Ibid.* 1494-5.

¹⁹ *Ibid.* 1488.

'kept on arable land' they must be provided with a large quantity of artificial food, and its consumption on arable land seldom pays.²⁰ He had not the slightest doubt that if the present financial system were continued—whether there were good crops or bad—a large quantity of arable land in this kingdom must certainly go down in grass.²¹ He believed that we should in the end become a pastoral rather than an arable country, 'a state of 'things that will much diminish the population of the rural districts, whom 'I am sure we can ill afford to lose.'²²

John Bright somewhat tartly remarked that if all the members of the House were to occupy three-quarters of an hour each by discussing the facts of his own trade he really did not know how Parliament would proceed with its legislative functions with any rapidity.²³ Since 1846 there had been no proposition in favour of an inquiry into agricultural distress. 'In the period between 1815, when your old friend Protection was established, until the year it was abolished, there were at least five Parliamentary committees to inquire into the distressed condition of agriculture.'²⁴ The last refuge of cowardice, idleness and greed, which is the protective system, had been tried and failed.²⁵ What was the proposed committee to do? The hon. member knows a great deal about farming, and I believe on his farms the produce could not be doubled, but there are hundreds of farms that do not produce half as much as his do, and therefore those for the most part might have their production doubled.²⁶ What is it hoped the inquiry may lead to, if it be not to protection? 'If farmers had only security for their expenditure in improvements and a just settlement of the game question no more would be needed. Land in England 'could not only not go out of cultivation,' but 'must of necessity have always a high value, and if the laws were altered' in the way he would suggest a much higher value than at present. 'How comes it that the great bulk of the population are thus divorced from the soil of their native land? Let this monopoly be broken down. On the ruins there will arise a fairer fabric; and, although it is not possible that I should live to see it, yet the time will come when you will have a million homes of comfort and independence . . . which will attest for ever the wisdom and blessedness of the new policy.'²⁷

Lord Sandon observed that experience led him to wish that members would talk for three-quarters of an hour only on their own subject, the House would then have, he thought, more profit than it had lately received.²⁸ The fact that the honourable member for Norfolk (Clare Read) was in a better position than if he were a freeholder might perhaps suggest the reason why the bulk of the population were 'thus divorced from the soil.' His own experience was that whenever a small man inherited a few acres he was apt to put his holding in the market and exchange it for some more profitable investment.²⁹ 'A certain number of tenant farmers should be placed upon

²⁰ *Hansard* (3rd Ser.), cccxvii, 1489.

²¹ *Ibid.* 1497.

²² *Ibid.* 1499.

²³ Under ordinary circumstances Clare Read was the last man to waste the time of the House. He never spoke except on subjects of which he had practical experience, and this was probably the only occasion on which his speech occupied three-quarters of an hour.

²⁴ *Ibid.* 1500.

²⁵ *Ibid.* 1504.

²⁶ *Ibid.* 1514.

²⁷ *Ibid.* 1503.

²⁸ *Ibid.* 1505-13.

²⁹ *Ibid.* 1516.

'the commission, with the view that the inquiry should be so constituted as to 'satisfy all classes interested in it.' He thought it was rather strong language to talk of 'the cowardice, the idleness and the greed' of those who adopt protection, and 'to damn with such words half the continent of Europe, the 'whole of America, and all the leading men of France and Germany.'³⁰

To this list the greater part of Australia and the whole of Canada might have been added; and, though indications of Indian opinion on the subject are less definitely given in the parliamentary debates,³¹ it may perhaps be doubted whether Grant Duff were really 'looking at the matter from the 'Indian side' when he declared that 'he wished to see the gradual disappearance of all Indian duties whatever.'³² An interesting feature of the Indian budget debates during this decade was the vigour of the protests which, even when the financial administration of India was most beset by difficulties, were raised against the duties on the import into that country of cotton goods. It was in vain that General Sir George Balfour, member for Kincardineshire, urged that 'every effort should be made to develop the resources of the 'country,'³³ and that Ernest Noel, member for Dumfries Burghs, indignantly 'contended that in discussing the Indian budget they were bound rather to 'consider how any particular tax affected the Indian people';³⁴ the last word on the cotton duties remained with the member for Stalybridge. 'They are,' he said, 'directly contrary to the principles of free trade, and have 'a most powerful tendency to foster the rise of cotton mills, both spinning 'and manufacturing, in India.'³⁵

This ingenuous little speech is enough to show that even in the strongholds of free trade foreign competition was not regarded altogether without jealousy, but efforts to overcome it, even by such orthodox means as the opening of new markets, met with very little encouragement from Parliament during the first half of the decade. The purchase of Elmina on the Gold Coast from the Dutch in 1872 was indeed defended by Knatchbull-Hugessen on the ground that the merchants connected with the West Coast of Africa 'were prepared to do more than ever to develop its commerce if it came under 'the British flag,'³⁶ but this commercial argument had very little place in the debate, and such favour as the House extended to the purchase was due to Sir Arthur Kennedy's suggestion that if we were to withdraw from that coast the slave trade would be renewed.³⁷ The member for Kirkcaldy, however, was horrified to find that 'the government were actually making a treaty . . . by 'which their territories would be extended,' and had to be pacified with the assurance that 'the cession would give us no protectorate over anyone.'³⁸

³⁰ *Hansard* (3rd Ser.), cccxlvii, 1515.

³¹ Lord Northbrook's refusal to prohibit the export of grain from Bengal during 1873-4 met with much hostile criticism (*ibid.* cccxviii, 183), but this cannot be taken as evidence that opinion was unfavourable to free trade in normal times.

³² *Ibid.* cccxxi, 1052-3.

³³ *Ibid.* cccxvii, 1492.

³⁴ *Ibid.* cccxxi, 1034. Most Indian officials considered that the salt tax should first be reduced.

³⁵ 'In 1859, before the high duty was imposed, there were only three cotton mills in Bombay, whilst there are now (1876) upwards of forty' (*ibid.* 1019).

³⁶ *Ibid.* ccix, 327.

³⁷ *Ibid.* 326.

³⁸ *Ibid.* 327.

The aversion of the liberal party to imperial expansion had already shown itself in the debates on the question of Fiji; and in this case also it came into conflict with the wish to suppress the slave trade, which had there grown up in connexion with the demand for Polynesian labour.³⁹ 'A memorial in favour of annexation was forwarded from Fiji to Her Majesty's government in 1870, but it was not thought advisable to reply to it,'^{39a} though in 1872 Lord Kimberley introduced a Bill to 'give such powers to the cruisers sent to those seas as would to a considerable extent put a stop to kidnapping.'⁴⁰ In the following year, however, 'certain British subjects' established at Levuka 'a form of government' which the Gladstone ministry 'determined to treat as a *de facto* government.'⁴¹ This recognition roused great indignation in Australia, and Sir James Martin 'most clearly and strongly protested that the native population would in that way be left to the mercy of mere adventurers.'⁴² The same view was expressed in the House by William McArthur, member for Lambeth, who complained of the dangerous and unprecedented course of acknowledging the right of a few lawless men to form themselves into an independent state.⁴³ He told the House that another memorial, in favour of annexation, was then on its way; it 'dwelt on the increasing supplies of cotton, the fertility of the soil, the growth of tobacco and the undeveloped resources of the Fijian archipelago,' and 'urged the advantages afforded by Fijian waters for the establishment of a permanent naval station and in connexion with it a Vice-Admiralty Court, which would be the means of placing the labour trade on a basis of beneficent security.'⁴⁴ These petitions 'proved that there existed in Fiji a well-understood wish for annexation.' Sir Charles Wingfield pointed out that the government of Fiji were participators in the slave trade and slave-owners: this had been stated from the Bench of the Supreme Court in Sydney.⁴⁵ 'A member of that government was the consignee of the cargo of the *Karl* and had disposed of the survivors at a commission of 5 per cent.'⁴⁶ The Premier had been dismissed first from Her Majesty's navy and then from the Australian navy, and another member, Smith, was the owner of one of the most notorious slave ships, the *Nukulan*. The effect of the policy of treating the Fijian government as independent had tied the hands of our naval commanders, weakened the authority of the consul,⁴⁷ and lowered the dignity of Her Majesty's representative in New South Wales.'

³⁹ *Hansard* (3rd Ser.), cccxi, 185.

^{39a} *Ibid.* ccciv, 597.

⁴⁰ *Ibid.* cccxi, 184.

⁴¹ 'Similar opinions had been expressed at the Colonial conferences held in Melbourne and Sydney' (*ibid.* 934 *et seq.*).

⁴² *Ibid.* 941-2.

⁴³ The atrocities committed on board 'the blood-stained ship *Karl*' had aroused great indignation in Australia, when evidence was given before the court. The master and one man were found guilty of murder and sentenced to death, and others were imprisoned (*ibid.* ccciv, 191).

⁴⁴ The late consul, March, who had been active in trying to put down the slave traffic and to bring to justice 'those who had been engaged in the recent massacre' on the *Karl*, had been 'transferred to a part of Brazil where two of his predecessors had lost their health' (*ibid.* cccvi, 934).

⁴¹ *Ibid.* ccciv, 597.

⁴² *Ibid.* cccvi, 934.

⁴³ *Ibid.*

Mr. Gladstone regretted that 'his honourable friend had catalogued the 'members' of the Fijian government 'as men engaged in the slave traffic, 'and in the absence of distinctive information he hoped some reserve would 'be shown in endorsing a sweeping and indiscriminate condemnation.' He confessed he did not feel that excitement for the acquisition of new territory which animated the honourable gentleman. With respect to commerce we had, by asserting the principle of liberty in trade, opened the world to the commerce of Great Britain to such a degree that 'he could afford to say he 'did not feel the great pressure of the argument for securing guarantees for 'our commerce in the distant islands of the world.'⁴⁸ Admiral John E. Erskine, member for Stirling, and Edward B. Eastwick, member for Penryn, considered that the evidence of the proceedings in the Australian courts, with the reports of various naval officers and missionaries, constituted sufficiently distinctive information: 'there had been enough inquiry, and 'what was wanted now was action.'⁴⁹ They were supported by Arthur F. Kinnaird, member for Perth, who pointed out that, as the government had themselves urged the annexation upon Australia, the inference was that they acknowledged that there had been sufficient inquiry.⁵⁰ The government, however, was not to be stirred into action further than the appointment of a commission.

The commission reported in favour of annexation shortly after Disraeli had returned to power, and McArthur had the pleasure of moving: 'That this 'House is gratified to learn that Her Majesty's government have yielded to 'the unanimous request of the chiefs, native population and white residents 'of Fiji.'⁵¹ He stated that 'no question submitted to the Imperial Parliament 'had occasioned a more protracted discussion; the proposal to annex Fiji 'dated as far back as 1859'; yet 'our interests in the Pacific imperatively 'demanded such a port as the Fiji Islands would give us, not only because of 'its strategic importance, but in connexion with the trade that was likely to 'be developed.' 'These islands might be regarded as the home of the cotton 'plant, and a new industry had sprung up, namely, the cultivation of sugar⁵²; 'its hills also were well adapted for the growth of coffee.'

Gladstone said: 'Assuming that the facts are as thus stated, there are no reasons at all why we should annex, unless the commissioners had shown us a state of facts in which we can proceed safely and wisely to charge the British people with the responsibility which it is proposed to lay upon them. . . . I see disagreeable and distorted phantoms stalking across the stage of this House before my eyes. I see new votes in the Estimates . . . and, Sir, believing that we are an assembly of sane gentlemen . . . upon that basis I will urge the claims of prudence against the real but . . . sadly deluded philanthropy of my honourable friend.'⁵³ The assembly, however, appeared to contain more deluded philanthropists than sane gentlemen, for even on the Opposition side scarcely a voice was raised in

⁴⁸ *Hansard* (3rd Ser.), ccxvi, 943-51. ⁴⁹ *Ibid.* 955-7. ⁵⁰ *Ibid.* 957. ⁵¹ *Ibid.* ccxxi, 1264.

⁵² Fiji is now one of the colonies in which cane cultivation is most prosperous; the area commands a regular local market, and has little competition to face.

⁵³ *Ibid.* 1283-7.

protest. Knatchbull-Hugessen, the ex-Colonial Secretary, 'thoroughly endorsed the wisdom of the course that the government proposed to pursue,' and believed that they—or indeed any English government—might be trusted to deal cautiously in these matters.⁵⁴ On this Sir Wilfrid Lawson observed that the right hon. gentleman apparently put more faith in any English cabinet than in his own leader, and expressed his own doubts by inquiring 'whether we were such excellent governors that our rule abroad must be perfect. . . . He could not think so when we had a standing army of paupers.'⁵⁵ Mundella promptly asked how many there would be but for our colonies, and the chances they had offered to our people. 'There was nothing like the lust of territory that had been spoken of. The people had invited us to rule over them.' 'The question was whether those islands were to have British rule and justice or British lawlessness and civil war; . . . it would be a case of absolute cowardice if the government were to shirk herein the duty that was plainly before them.'⁵⁶

It seems probable that in this speech Mundella correctly interpreted the attitude of Parliament not only in regard to the particular transaction but to colonial questions in general. Had there been much of the lust for territory of which Gladstone accused 'that portion of the House who felt a lively interest in this class of questions,'⁵⁷ it is probable that Fiji would have been annexed some years earlier, and there would have been less opposition to the occupation of Cyprus. This occupation had been made by us in 1878 after the Russo-Turkish war, as the result of the revision of the Treaty of San Stefano at the Berlin Congress. It was criticised as 'a very odd way of preserving the independence and integrity of Turkey, for which England had believed her plenipotentiaries to be so deeply interested.'⁵⁸ The critics further observed with some surprise that 'the measure did not at first seem to create a bad effect abroad,' though the French and German papers noted that it was 'an excellent position for the defence of Egypt' and commanded 'Syria and the rich Euphrates districts . . . with the road to the vassal states of Central Asia.'⁵⁹ These were doubtless the reasons which influenced Disraeli's government; but, though the acquisition may thus be regarded as mainly political, the interests which it was intended to safeguard—those in Egypt and in the Suez Canal—were essentially commercial.

It has been said that the purchase of the Suez Canal shares was 'the origin of the British occupation in Egypt and the Soudan,'⁶⁰ but on the whole the evidence does not support this view. The occupation arose out of the necessity for providing a solvent government to safeguard commercial interests in Egypt and the Canal, our own among others; but these interests existed prior to 1875, and the purchase of the shares was, in fact, a con-

⁵⁴ *Hansard* (3rd Ser.), cccxi, 1293.

⁵⁵ *Ibid.* 1295.

⁵⁶ *Ibid.* 1300.

⁵⁷ *Ibid.* cccvi, 945.

⁵⁸ *Ann. Reg.* 1877, p. 75.

⁵⁹ See the quotations from French, Austrian, and German papers in the *Times*, 10 July 1878.

⁶⁰ H. W. Paul, *Life of W. E. Gladstone*, 159.

sequence and not the origin of them. As early as 1872 the Egyptian government were 'afraid that the country would eventually fall into the hands 'of the French and English,'⁶¹ and long before we had any shares in the Canal Eastwick had condemned the Foreign Office for that 'petty and mistaken jealousy' which 'prevented us from heartily co-operating' in 'this 'great, glorious and beneficent undertaking, in which . . . we have three 'times as much interest as all the world besides.'⁶² He pointed out that, 'if ever there was a great work which deserved the patronage of the English 'Government, it was this canal, which shortened the voyage to India by '5,600 miles, and made Egypt the half-way station between Southampton 'and Bombay.' A third of the expense might have been saved by giving to the project the joint guarantees of the French and English governments, and 'the financial ill-success would have been far less, for it is delay in 'such works that causes expense.'⁶³ We were thus, in his view, partially, though indirectly, responsible for the increased tolls of which we complained so bitterly in 1873, and directly responsible—through our failure to support the proposed judicial reforms—for the helpless condition of our mercantile interests in Egypt in that year.

These views were to some extent shared by Alexander Baillie Cochrane, member for the Isle of Wight, who urged the Government to 'use their best 'endeavours to induce the Porte to complete the contemplated judicial 'reforms which are so essential for the further extension and security of our 'mercantile interests in Egypt.'⁶⁴ He represented that the recent great development of the commerce of Egypt rendered our relations with that country, and above all the laws which regulated our commercial relations, a subject of the greatest importance. 'The imports of Great Britain from Egypt 'amounted to £16,116,000.' The sugar manufacture had increased enormously; 'factories were studded all over the face of the country, in each of which British subjects were employed, and it might be said with perfect fairness that the interest of Egypt was the interest of England. That was the principle on which he asked the House to consider the case.'⁶⁵

He was supported by A. Guest, member for Poole, and T. E. Smith, member for Tynemouth. Guest showed the importance of the application of capital to the cultivation of cotton in Egypt. Without capital irrigation could not be carried on in that country, and he 'might state that land which, when not irrigated, produced only one quintal and a half of cotton would, when irrigated, produce five quintals or more. . . . The cotton grown in Egypt was of a very superior character, and it was of the greatest importance that the British capitalist should have his transactions assured to him by the courts of that country.'⁶⁶ T. E. Smith discussed the necessity of supporting the judicial reforms from the point of view of a shipping community. Baillie Cochrane had pointed out that millions of money had been spent since the opening of the Canal in 1869 in building ships fitted for its navi-

⁶¹ *Hansard* (3rd Ser.), ccxii, 730.

⁶² *Ibid.* ccxv, 455.

⁶³ *Ibid.* 'In 1872 the chances of dividends were still remote' (*Ann. Reg.* 1875, p. 120).

⁶⁴ *Hansard* (3rd Ser.), ccxii, 723.

⁶⁵ *Ibid.* 723-6.

⁶⁶ *Ibid.* 730.

gation, and it was of vital consequence to us to know whether the company had a power of closing it against us or of putting such tolls on our ships as virtually to close it against us.⁶⁷ It was clear that 'all questions now arising were simply under the jurisdiction of the French (Consular) courts,'⁶⁸ and the French Commission, which sat on 8 October 1871, had, as Eastwick had mentioned, 'repudiated all interference on the part of foreign governments with the company.'⁶⁹ 'England,' Smith stated, 'contributed three-quarters or four-fifths of the entire traffic through the Canal, and therefore the mercantile community had the right to ask the Foreign Office to take every step in its power to protect their interests, and it was disappointing that no evidence was visible of any such steps having been taken.'⁷⁰

The purchase of the Suez Canal shares during the recess of 1875-6 was generally welcomed as giving us a much better position in regard to the direction of the Canal. This view was contested by Charles Morgan Norwood, member for Kingston-upon-Hull, who thought that our position was stronger when 'our Government, having no personal interest in the Canal, were able to interfere on international grounds,'⁷¹ and by Gladstone, who contended that, as the shares did not carry with them a majority of the votes, the purchase gave us no real control, and was, besides, likely to lead to great complications.⁷² Samuel Laing, member for Wick, replied that 'he had had a great deal of experience himself as a director of public companies, and he must say that the knowledge that such a large interest as nearly one-half of the shares was held by one party would weigh . . . very materially in any decision the Board of Directors might come to on points of policy.' He thought that 'the main reason why the people of this country hailed with such unanimous approval the first announcement of the purchase of the shares was because they saw in it a pledge that . . . we recognized the fact that in preserving our communications with India our great and paramount interest lay in Egypt.'⁷³ This argument in favour of the purchase was emphasized by Disraeli, who cheerfully admitted that complications would occur,⁷⁴ but believed on the contrary that the step which he had taken would avert other and worse complications. No one who remembered the circumstances of the case could pretend that our previous position with regard to the Canal had been satisfactory, and he felt that it was much strengthened. 'I do not, however, now recommend this purchase as a financial investment. I do not recommend it as a commercial speculation either, although I believe that many of those who have looked upon it with little favour will probably be surprised with the pecuniary results of the purchase. I did always, and do now, recommend it to the country as a political transaction, and one which I believe is calculated to strengthen the Empire. That is the spirit in which it has been accepted by the country, which understands it.'⁷⁵

⁶⁷ *Hansard* (3rd Ser.), ccxv, 454. ⁶⁸ *Ibid.* 459. ⁶⁹ *Ibid.* 456. ⁷⁰ *Ibid.* 459.

⁷¹ *Ibid.* ccxxvii, 622.

⁷² *Ibid.* 584-96. Gladstone also objected on constitutional grounds. ⁷³ *Ibid.* 642.

⁷⁴ 'They always have occurred, and I should like to know the state of affairs and of society in which they do not and will not occur. We are here to guard the country . . . and to guide it in the event of complications, and the argument that we are to do nothing because we are afraid of complications is certainly a new view of English policy' (*ibid.* 658).

⁷⁵ *Ibid.* 661.

The popularity of the Suez Canal purchase marks the development of a desire to strengthen the Empire, which had been growing up throughout this decade, and may be contrasted with the favour accorded at the beginning of the period to 'the policy of gradual withdrawal' from the colonies.⁷⁶ Early in the 'seventies the wisdom of cultivating more friendly relations with the colonies was constantly urged upon Parliament by Eastwick in regard to India and by McFie, member for Leith, and Robert Richard Torrens, member for Cambridge, in regard to Canada and Australia; but the measures proposed for that purpose were purely political.⁷⁷ In 1872 McFie went so far as to urge the appointment of a Royal Commission 'to inquire as to the propriety and best means of admitting the colonies . . . to participation in the conduct of affairs that concern the general interests of the Empire.'⁷⁸ This would seem to necessitate, among other things, some agreement between the colonies and the Home Country in regard to fiscal policy, but the subject was treated in debate almost entirely from the political point of view, and even after the depression of trade had set in and whispers of 'reciprocity' began to be heard in the House of Commons there was at first no suggestion of 'Colonial Preference.' The suggestion of such preference was, however, brought forward in the other House in April 1879 by Lord Bateman, who declared that 'we relied upon foreign imports, and shut out our own colonies from trading with us,' so that our 'adoption of the Free Trade policy had to some extent the effect of alienating them.'⁷⁹ Under the system which he proposed 'every scrap of import duty on colonial produce would be abolished,' and he believed that the result would be that we should no longer be dependent on foreign countries.⁸⁰

There seems to have been a certain amount of evidence for the statement that the colonies felt themselves aggrieved by our Free Trade policy. The provisions of the Treaty of Washington (1871) in regard to the Canadian Fisheries met with considerable disapproval in the Dominion,⁸¹ and a protest was sent to England that 'a cession of territorial rights of great value (namely the coast fishery) has been made to the United States not only without the previous assent of Canada but contrary to the expressed wishes

⁷⁶ The expression is quoted by Sinclair Aytoun in 1872 from the report of the Committee on the West Indian Colonies in 1865. It refers more especially to our West African colonies (*Hansard* [3rd Ser.], ccix, 322).

⁷⁷ Eastwick's proposals were: (a) The formation of a friendly understanding with the great Indian princes: 'I am sure we might safely rely on the loyalty of those princes, and I believe that to give them something to do in the general administration of the Empire would bind them to us' (*ibid.* ccxiii, 623). (b) The introduction of Indian gentlemen into certain Civil Service appointments and the Legislative Council (*ibid.* cciv, 2009-10; other Indian debates, *passim*). These reforms were carried out—for the most part after his death—by Lords Ripon and Dufferin. Torrens suggested that 'the self-governing colonies . . . should have the privilege of sending their own political agents to this country, and that those agents should enjoy the same rank, position, and prestige that was at present afforded to the envoys of foreign states' (*ibid.* ccxi, 922). McFie wished the Government to 'enter into correspondence with the colonies, opening up offices throughout the country' for purposes of information, so that emigrants of the right sort might be encouraged to go to such of our colonies as needed them, instead of to America (*ibid.* ccix, 776).

⁷⁸ *Ibid.* ccxi, 912.

⁷⁹ *Ibid.* ccxlv, 1361.

⁸⁰ *Ibid.* 1368.

⁸¹ *Ibid.* ccvi, 1844-6.

of the Canadian Government. The only substantial argument which the States could offer them had been persistently withheld. What the Canadians were willing to accept as an equivalent for the fisheries was the concession of certain commercial advantages; and it has, therefore, been most unsatisfactory to them that Her Majesty's Government should have conceded the use of the inshore fisheries for considerations which are deemed wholly inadequate. They have failed to discover that in the settlement of the so-called *Alabama* claims, which was the most important question in dispute between the two nations, England gained such advantages as to be required to make further concessions at the expense of Canada.⁸² The Canadian Government, however, by a minute of 20 January 1872 offered to be satisfied with an Imperial guarantee to the extent of £4,000,000 to the loan which was to be raised 'in order to procure the construction of certain important public works, which will be highly beneficial to the United Kingdom as well as to Canada.'⁸³ The Colonial Secretary was unwilling, on behalf of the Home Government, to guarantee more than £2,500,000: this offer was ultimately accepted by the Canadians, and the measures necessary for giving effect to the Treaty of Washington were passed by the Canadian Parliament before the end of 1872.

In May 1872 Donald Dalrymple, in a speech on McFie's 'annual resolution' in favour of a more cordial attitude to the colonies, stated that a large party was growing up in Canada who 'because they did not feel that England would stand by them so long as they stood by England' were considering the possible advantages of annexation to the United States.⁸⁴ He did not think we sufficiently estimated the importance of Canada: as a wheat-growing country she was likely to become of enormous value. The new Provinces 'only required capital to bring land of the most fertile description into cultivation. Their climate was capable of ripening every cereal with which this country was acquainted,' and in the western portion the cattle might be fed through the winter season out of doors. Then there were 'gold and copper and minerals of every description; there were fisheries and everything that went to make up national wealth. Was that a country we ought to be content to lose?'⁸⁵

Knatchbull-Hugessen, under secretary for the colonies, strove to console Dalrymple with the reflection that 'if Canada had been treated as she would have been if she had been an independent country, nothing could be urged against us,' but if any concession had been made which would not have been made if she had not been a colony, then we should be pledged 'to the assertion that we consider Canada to be an integral part of the Empire.'⁸⁶ This by itself would have been somewhat cold comfort to offer to one who had been trying to persuade the House that the question was what Canada considered; but the Under-Secretary, being then within sight of the end of the Canadian difficulty, was free to add the assurance that though some

⁸² Minute of the Canadian Privy Council, 23 July 1871.

⁸³ The chief of the works in view was the Canadian Pacific Railway.

⁸⁴ *Hansard* (3rd Ser.), cccx, 917.

⁸⁵ *Ibid.* 918-19.

⁸⁶ *Ibid.* 931.

persons, he was aware, thought Canada had not been well treated, 'such was 'not the opinion of the Canadian Parliament.'⁸⁷ In regard to the other colonies—for McFie's resolution embraced them all—he professed himself wholly unable to discern any signal of discontent.⁸⁸ The 'Nelson touch' aroused no enthusiasm in the members with colonial connexions. Gathorne Hardy stated that, though it might be 'a rhetorical expression to say that 'every colony was in a state of dissatisfaction,' yet the number of pamphlets sent from various parts of the world with reference to the grievances of our colonies showed that 'the feeling of soreness among them was very wide-spread indeed.'⁸⁹ Torrens had already answered Knatchbull-Hugessen's question, 'Were there any complaints from the great colonies of Australia?' by hastening to assure him that there were;⁹⁰ and when the unlucky Secretary proceeded to turn to the West Indies, Edward Green, member for Bury St. Edmund's, declared with indignant vehemence that 'as a colonist he 'must say there was much to complain of.'⁹¹

In Australia, as in Canada, the cause of complaint was a commercial treaty made by the Home Country with a foreign power. Exactly two months after the Canadian Government had protested against the Treaty of Washington, the Australian Governments jointly addressed to the British ministry a similar protest against the treaty with the Zollverein.⁹² 'We are of opinion that the right of the Legislatures of these colonies to direct and control their fiscal policy as among themselves without interference on the part of Her Majesty's ministers in England is a right which it is our duty to assert and maintain. With the internal arrangements of the Empire foreign countries can have no pretence to interfere, and stipulations respecting the trade of one part of the Empire with another . . . are not stipulations to which foreign governments ought to be allowed to become parties in any way.' They asserted the right of the colonies they respectively represented 'to impose such duties on imports from other places, not being 'differential, as the colony may think fit.'⁹³ At the meeting in Melbourne at which this memorandum was drawn up the delegates also passed a series of resolutions declaring that the Australian colonies claimed to enter into arrangements with each other 'to provide for the reciprocal admission of 'their respective products and manufactures either duty free or on such 'terms as may be mutually agreed upon'; that 'no treaty entered into by 'the Imperial Government should in any way limit or impede the exercise 'of such right'; that 'so much of an Act or Acts of the Imperial Parliament 'as may be considered to prohibit the full exercise of such right should be 'repealed';⁹⁴ and, lastly, 'that Imperial interference with intercolonial

⁸⁷ *Hansard* (3rd Ser.), cxxi, 930.

⁸⁸ *Ibid.* 932.

⁸⁹ *Ibid.* 936.

⁹⁰ *Ibid.* 922.

⁹¹ *Ibid.* 938.

⁹² Memorandum from the Australian Governments, 27 September 1871. The despatch from the Colonial Secretary which called forth this protest was dated 13 July.

⁹³ This memorandum is additionally interesting as 'the first approach towards federal action' in Australia (*Ann. Reg.* 1871, 128).

⁹⁴ Resolutions of the Delegates from the Australian colonies at the Conference at Melbourne, 27 Sept. 1871.

'fiscal legislation should finally and absolutely cease.' These resolutions were forwarded to the home government,⁹⁵ and eventually, in May 1873, Lord Kimberley, then Colonial Secretary, introduced a Bill based upon them, urging that it was highly probable that the Australian colonies would at some future time form themselves 'into a great Confederate Union,' and that, as we had given them self-government, it was perhaps better that 'we should assume that those colonies knew their own business better than we knew it.'⁹⁶ Earl Grey objected that 'the policy of Free Trade would be deprived of much of its advantage if it were not consistently followed throughout the Empire.' The policy advocated by Lord Kimberley would, he thought, fast convert the connexion of the British colonies with the Mother Country into a merely nominal one instead of a living bond of union. An injudicious system of protection had been adopted by some of the colonies, 'and their real object in asking for this Bill is to be enabled to keep up and extend this vicious system with greater facility than at present.' He believed 'there was no real necessity for making so dangerous a concession.'⁹⁷

Lord Canterbury said that if to acknowledge the right of the colonies to impose customs was an abandonment of free-trade principles, that abandonment had taken place long ago. He had himself, as Governor of Victoria,⁹⁸ signed an agreement with New South Wales for a system of fixed annual payments in lieu of duties. 'He assured Earl Grey that, if the Crown were to interfere with such arrangements, intervention, instead of . . . strengthening the bonds of union between the colonies and the Mother Country, would have a wholly contrary effect.'⁹⁹ He was supported by Lord Belmore, who agreed that the grant would in no way weaken the attachment of the colonies to this country. He considered, and had considered when he was Governor of New South Wales, that the time had come when the colonies should have the power which the Bill proposed to give them.¹ Lord Carnarvon thought that it was impossible to read the correspondence without perceiving that the colonial governments had brought considerable pressure to bear, 'and that little alternative was left to the government except to accede to some measure like the present.' He commented on the fallibility of modern prophecy, 'which had predicted that free trade and the non-imposition of differential duties would be the chief features of colonial policy'; our Australian colonies, 'with the most democratic form of government, utterly repudiated both doctrines.' Yet, notwithstanding these difficulties, he 'believed that in the long run we should be able to reconcile what had hitherto been believed irreconcilable, the freedom of

⁹⁵ In Feb. 1872 Smyth (Westmeath) asked if copies of this correspondence would soon be presented to the House. Knatchbull-Hugessen replied that 'until a final determination has been arrived at . . . it would be obviously undesirable,' but that there would be no unnecessary delay in presentation (*Hansard* [3rd Ser.], ccix, 146).

⁹⁶ *Ibid.* ccxv, 2000.

⁹⁷ *Ibid.* 2001-6.

⁹⁸ He had just resigned (March 1873) from this post, to which he had been appointed in May 1866 (*Dict. Nat. Biog.*).

⁹⁹ *Hansard* (3rd Ser.), ccxv, 2007.

¹ *Ibid.* 2009-10.

'the colonies and their allegiance to the Mother Country.'² The Bill received the royal assent 26 May 1873.³

The grievances of which the West Indies complained were partly political,⁴ but were largely due to the decline of the sugar industry, for which the planters considered that the policy of the home government was responsible. The English sugar refiner to some extent shared these views; he, too, had his grievance, for he 'had to pay duty on the raw article when he cleared 'it from the Customs House, while the French refiner had nothing to pay.'⁵ On the other hand, ardent free traders like J. B. Smith, member for Stockport, contended that the mere classification of the sugar duties amounted to a bounty given to the sugar makers, 'which was a disgrace to a government 'pretending to be a free trade administration.'⁶ In 1870 the import duties on refined sugar had been reduced by half, and in April 1871 the member for Stockport pointed out that the imports were already 'about 10½ per cent. 'greater than they were last year, which showed clearly that the classification 'was protective.' The Chancellor of the Exchequer should bear in mind what the Prime Minister said: 'The claims of the consumers were paramount.'⁷

McFie urged that the products of our sugar-growing colonies should not be 'driven away,' and pointed out that by adopting such a policy 'we 'should lose a valuable branch' of our own industry.⁸ On the latter part of this argument several members enlarged, especially in the course of the debates which took place during April 1873. General Sir George Balfour stated that owing to the bounty 'the sugar refiners of France had actually 'been able to sell their beetroot sugar in English markets at a lower rate 'than it could be manufactured in this country out of the cane-juice sugar 'of our colonies,'⁹ and Robert Crawford, member for London City, warned the House that in this way the beet sugar would soon obtain control of the market, so that 'we should be at the mercy of a monopoly entirely in the 'hands of foreigners.'¹⁰

In July 1874 Sir John Hay asked the Chancellor of the Exchequer to lay on the table copies of the 'representations made by the West Indian 'planters and merchants on the subject of the injury inflicted upon the British 'sugar-producing colonies by the continued exportation of sugar under bounty 'from France and other continental countries';¹¹ and further inquired 'whether Her Majesty's government, seeing the disastrous consequences likely to ensue to the sugar trade of the United Kingdom if steps are not taken to place sugar imported into this country from the British colonies

² *Hansard* (3rd Ser.), ccxv, 2008-9.

³ *Ibid.* ccxvi, 414.

⁴ The federation of the Leeward Islands, which according to Greene 'had been forced upon the inhabitants' (*ibid.* cxi, 938), created great dissatisfaction at the time, though the measure was certainly economical and probably in some ways convenient.

⁵ *Ibid.* ccxv, 952.

⁷ *Ibid.*

⁸ *Ibid.* ccxv, 954.

⁹ *Ibid.* ccv, 1421.

¹⁰ *Ibid.* 1440.

¹¹ *Ibid.* 953.

¹¹ 'In 1874 the government of Austria were paying away seven-ninths of the whole sugar revenue in the shape of bounty' (*ibid.* ccxlv, 862). The French, Dutch, Austrian, and German exports had increased largely between 1869 and 1879, and our exports had correspondingly decreased (*ibid.* 864).

upon an equal footing with that imported from the Continent, will take measures as soon as possible to remedy the grievances.'¹² Lowe replied that there was of course no objection to produce the representations, but 'the second part of the question was one to which it was not easy to give 'a satisfactory answer.' He trusted that the people of France would see that it was for the general interest of the French taxpayer 'that the artificial 'system of bounties for the benefit of a limited class ought to be put an end 'to. But he doubted whether it would be consistent with the dignity of this 'country to continue to press this subject more than they had hitherto done'; and he could not promise that any special steps would be taken.¹³ Notwithstanding this rebuff the sugar refiners continued to urge their views upon the government, and in April 1879 C. T. Ritchie, member for the Tower Hamlets, moved for the appointment of a select committee to consider the injurious effect upon home and colonial sugar industries of the foreign bounty system, 'and to report whether in their opinion any remedial measures can be devised by Parliament.'¹⁴ He pointed out, by means of statistics, that the increased production of foreign beet-sugar had been made at the cost of our colonies, and that its effect on the loaf sugar refineries at home had been the reduction of their number from twenty-five to one. Our exports had decreased from 59,000 tons in 1876 to 52,000 tons in 1878, and fourteen English sugar refineries had been closed down by the year 1876.¹⁵ He and those who acted with him had no desire to be identified with protection; but the imposition of a bounty was a violation of free trade, 'and 'a countervailing duty would simply have the effect of re-establishing that 'free trade which the bounty had violated.' Dr. Cameron argued that the decline was not due to the general depression of trade, for it was noticeable at an earlier date,¹⁶ but Leonard Courtney thought it was questionable whether the difficulties of the sugar trade depended on the system of bounties at all. 'Why, then, should they now in consequence of 'the action taken by the continental governments depart from our ancient 'principles, and re-establish something resembling protection?'¹⁷ Parliament was 'asked to tax the whole body of consumers to keep up the prosperity of a refining district, and to do so was said not to be repugnant to 'the doctrines of free trade.' In his opinion 'the increase in the importation of continental sugar was explained by the immense increase in the 'consumption of sugar at home.' Refiners found their business leaving them, but 'there was no damage done to trade, taken as a whole. For all 'these reasons the committee now asked for ought to be rejected. Its 'appointment would only lead to mischief.' Europe and America would believe that the English House of Commons was uncertain whether free trade was a good thing and Canada would be encouraged to proceed in the path of protection.¹⁷ Robert Lowe, member for London University, saw

¹² *Hansard* (3rd Ser.), cccxi, 552.

¹³ *Ibid.*

¹⁴ *Ibid.* ccciv, 860.

¹⁵ This information was supplied by Dr. Cameron, member for Glasgow, on the authority of Professor Leone Levi (*ibid.* 873). J. D. Samuda (Tower Hamlets) subsequently pointed out that in 1864 there were twenty-three refineries in his own constituency and in 1879 only one (*ibid.* 873).

¹⁶ *Ibid.* 873.

¹⁷ *Ibid.* 886-8.

the thin end of the wedge in the proposal to establish a countervailing duty against the bounties which foreign governments were foolish enough to squander in fostering this industry. 'This case might be the strongest, but 'weaker cases would be pressed with stronger influence, and bit by bit the 'splendid fabric of free trade which had been established by such noble 'exertions in this country would be hopelessly undermined.'¹⁸

Sir Stafford Northcote, member for North Devon, suggested that the foundations of that splendid fabric were already rather shaky. Had not Lowe and his colleagues for years been trying to prevent the country from buying in the cheapest market by endeavouring to induce the French and other governments to put an end to the bounty system?¹⁹ It was the intention of the government to agree that a committee on the subject should be granted,²⁰ though, as Robert Bourke, member for King's Lynn, was careful to point out, they 'could not hold out the slightest hope' that the committee would support any such proposal as a countervailing duty.²¹ In view of this damping statement Thomas Thornhill, member for West Suffolk, as a sugar-grower in the West Indies, addressed a short appeal to the charity of the home government. 'It was with sugar-growers simply a question as 'to whether they could keep on working or would have to stop altogether if 'things went on as they were at the present moment.' That would throw a very large population out of work, 'and ruin one of the oldest and most loyal of Her Majesty's colonies. If it were an independent colony like Canada, of whose internal political economy Mr. Courtney seemed to stand in such horror, it might . . . protect itself, but being dependent on the mother country it must look to her to help it in time of need.'²² To this appeal the government acceded in so far that they refused to accept any limitation upon the activities of the Sugar Industries Committee,²³ which was appointed accordingly. In July 1879 it was not unjustly described by one of its members²⁴ as nothing but a post-mortem inquest.²⁵

The House was no less sharply divided into two parties in regard to the proper remedies for our losses in the East owing to the depreciation of silver, famines and trade depression, but the favourite panacea was economy. Throughout this decade the Indian budget was discussed by the Commons with a nervous anxiety due to the bygone extravagance of the Indian Public Works Department, but undeserved by the very careful financial management of Sir John Strachey. The difficulties of Indian finance were great, for the returns from opium were so uncertain that the Finance Minister was unable to tell within nearly £2,000,000 what he would get from this, the second largest source of revenue in India,²⁶ yet it seemed impossible to devise a fresh source which would bring in the required sum.²⁷

¹⁸ *Hansard* (3rd Ser.), cccxlv, 893.

¹⁹ *Ibid.* 895.

²⁰ Sampson Lloyd (Plymouth).

²¹ *Hansard* (3rd Ser.), cccxlvii, 1923.

²² The income tax, imposed in 1869, proved so unpopular that it was abolished in 1873 (*ibid.* cccvii, 1390).

²³ *Ibid.* 898.

²⁴ *Ibid.* 884.

²⁵ *Ibid.* 905.

²⁶ *Ibid.* 907.

²⁷ *Ibid.* cccxiii, 622.

Parliament was therefore quite right in thinking that circumstances demanded economy, but it must be admitted that the Indian government was at least as fully alive to the need. From the outset of Lord Mayo's administration (1868-72) great attention was paid to schemes of retrenchment, and during his term of office several useful steps were taken in this direction. The most important of these were the abolition of the system of 'guaranteed railways,' a reform which was warmly supported by Eastwick, Lawrence, and other experienced Indian officials,²⁸ and the scheme of 'financial decentralization' with which Mayo's own name is always associated.²⁹ By this scheme a lump sum of about £9,000,000 was handed over to the provincial authorities for such purposes as education and the administration of justice, upon the condition that, should the money thus allotted prove insufficient, local taxes should be imposed to make up the deficiency.³⁰ This scheme was criticized on the ground that it was likely to produce many new local burdens, and that 'the items would be withdrawn from the cognisance of Parliament',³¹ and in 1873 Fawcett declared that it had already involved the local authorities in vast expenditure.³² The fact remained that 'Lord Mayo converted a 'deficit of millions into a surplus.'³³ Another of the reforms suggested at this time was that of the equalization of the salt duties and the removal of the 'customs line,' which had made necessary the maintenance of a large staff to prevent smuggling.³⁴ This scheme was gradually carried out between 1874 and 1878,³⁵ the duty being raised in some districts and lowered in others; it was attacked on the ground that some of the districts in which the duty was increased had suffered severely in the famine,³⁶ but in most quarters the wisdom of the measure was recognized.³⁷ In 1874 the Under-Secretary for India stated that, speaking generally, he thought he was entitled to say that the condition of Indian finance was satisfactory,³⁸ but the government of India had other reforms in view. In some financial resolutions published on 25 April 1874 they pointed out that 'famine in India occurred with 'regularity,' and therefore 'there should be a margin . . . for checking the 'consequences of famine in the future.'³⁹ The history of Indian finance for

²⁸ *Hansard* (3rd Ser.), cciv, 908 : ccviii, 533, 550.

²⁹ *Ibid.* cciv, 874.

³⁰ *Ibid.*

³¹ *Ibid.* ccxiii, 609 ; ccxv, 410.

³² *Ibid.* ccxvii, 1413.

³³ *Ibid.* ccxii, 1573 ; in 1874 Lord G. Hamilton (Under-Secretary of State for India) stated that, though the decentralization scheme had been greatly attacked, 'the Governors of the various provinces were unanimously of opinion' that it had worked well (*ibid.* ccxxi, 1134).

³⁴ *Ibid.* ccxiii, 579. The customs line was 2,400 miles in length, and both sides of it were in British possession. The salt duty was considerably higher on one side (*ibid.* ccxxi, 1177).

³⁵ *Ibid.* ccxxxvii, 473 *et seq.* By this and other reforms carried out by Sir John Strachey provision was made for the famine insurance fund (*ibid.* 479).

³⁶ *Ibid.* 477, 484.

³⁷ *Ibid.* 484-6, 590.

³⁸ 'The only fear of deficit was from an apprehension of increased loss by exchange' (*ibid.* ccxxxi, 992).

³⁹ *Ibid.* ccxxi, 1186. A good account of the measures taken by the government in the Bengal famine of that year will be found in *Frazer's Magazine*, Sept. 1874 ; see also *Hansard* (3rd Ser.), ccxviii, 174-81. A prohibition of the export of grain was urged by the native Indian press (*Ann. Reg.* 1874, p. 122) and supported by Lord Lawrence and Sir George Campbell, but Lord Northbrook declined to make it, on the ground that interference might destroy the export trade, which ensured a surplus production, and thus rendered a reserve available (*Hansard* [3rd Ser.], ccxviii, 1063-90).

the next few years is that of a struggle to obtain this margin under circumstances of exceptional difficulty. The chief obstacle against which Sir John Strachey had to contend was the rapid decline in the value of silver after 1873.⁴⁰ 'The causes of the depreciation were the discovery of mines 'of extraordinary richness in America . . . simultaneously with the demontization of silver in Germany and Holland and a restricted use of it in other 'countries.'⁴¹ It was suggested that the difficulty might be met by the introduction of a gold currency, or by restricting the coinage of rupees in order to keep up the price of silver, but neither of these proposals met with the approval of the House of Commons.⁴² Goschen considered that it would be a dangerous experiment to make a change of currency; 'the difficulties of 'that operation had been enormous in Germany, and must be far greater 'in a country like India.'⁴³ The loss, which 'had been measured at '£2,500,000 a year,' could, in Fawcett's opinion, only be met by rigid retrenchment.⁴⁴ The department in which he proposed that this further retrenchment should be made was that of Productive or Extraordinary Public Works—railways and irrigation—'which, he ventured to assert, did not pay the interest of the money expended on them. . . . The old waterworks at the Jumna, built by Akbar,⁴⁵ were paying 35 per cent., and the revenue from them was thrown into the general irrigation hodge-podge, and thus mitigated the loss. With regard to irrigation works, there was not among those constructed by the English one instance of a genuine financial success.' He therefore moved, 'That, in order to place the finances of India 'on a more satisfactory basis, the distinction . . . between ordinary and 'extraordinary expenditure should be discontinued.'⁴⁶ The resolution was not carried, but it was again brought forward in 1877 by Patrick Smollett, member for Cambridge, the only member with Indian experience who supported it. His arguments were those used by Fawcett, but they were less ably expressed. He founded his case on the failure of the Orissa and Madras irrigation companies, and 'disbelieved' the Viceroy's statement that the total expenditure on irrigation works showed a small percentage of profit.⁴⁷ Stephen Cave, member for New Shoreham,⁴⁸ said

⁴⁰ *Hansard* (3rd Ser.), ccxxxi, 993, 1002, 1010. ⁴¹ *Ibid.* 1012. ⁴² *Ibid.* 1013.

⁴³ *Ibid.* 1050. 'Germany was close to all the gold markets of Europe, was in constant banking relations with its neighbours, and had a population more or less accustomed to banking expedients, which all facilitated such a transaction. . . . India was in an entirely different position' (*ibid.*).

⁴⁴ *Ibid.* 1013. 'A loan must be paid off, and meanwhile the interest would be an additional burden on the taxpayers. Additional taxation could only be the income tax . . . abandoned as unsuited for the country.'

⁴⁵ The Jumna Canal was actually constructed in the 14th century; it was cleared out and repaired in Akbar's reign, but had filled up with sand by 1647, when it was cleared by that distinguished Mohammedan engineer, Ali Mardan Khan. No further effort to keep it clear seems to have been made till it was surveyed, cleared, and extended by Colonel John Colvin, of the Bengal Engineers, and Mr. (afterwards Sir Proby) Cautley, of the Bengal Artillery (information from the late President of the Indian Irrigation Commission, 1901-1903).

⁴⁶ *Hansard* (3rd Ser.), ccxxxi, 1015.

⁴⁷ *Ibid.* ccxxxii, 281-95. Certain passages in the speech indicate that he may have been unconsciously influenced by his quarrel with the Indian Public Works Department.

⁴⁸ President of the smaller of the two Committees on Indian Public Finance in the early 'seventies.

he thought it was going too far to say public works were unproductive because they did not produce a direct revenue. 'It was well known from the evidence of the committee which sat on the subject that the value of land, the value of produce, the rate of wages . . . had risen enormously in those parts of the country in which public works had been constructed.'⁴⁹ He was supported by General Sir George Balfour, a man of great Indian experience, who welcomed Fawcett's suggestion that there should be an inquiry.⁵⁰ 'That inquiry would bring to prominent view the immense benefit' from the money spent. 'Districts which had suffered severely in the great famine of 1833, but which had since had the advantage of irrigation, were comparatively free from the distress' prevailing in 1877. He remarked that the value of the Jumna Canal was chiefly due to the repairs and extension made by Cautley,⁵¹ and stated that, having examined the Madras irrigation, 'he did not believe that a single work executed by Sir Arthur Cotton had ever been a failure,' the mistakes which had been made being due mainly to the government.⁵²

The Under-Secretary for India defended the government against the attacks of both sides.⁵³ 'There was a great famine in Bombay and Madras. Hundreds of thousands of people were employed on public works and . . . if this House declared that no public works were to be constructed out of borrowed money' it would be 'absolutely necessary to infringe that Resolution, or otherwise hundreds of thousands of people would starve.' On the other hand, although the irrigation works in the Madras Delta⁵⁴ had paid well, they 'could not be held to be a precedent for other parts of India.' The Orissa and Madras Irrigation Companies had both failed,⁵⁵ and it had been found that 'the river (Godaveri) could not be made navigable for less than £1,200,000.'

With this casual allusion—the only one made to the subject in the

⁴⁹ *Hansard* (3rd Ser.), ccxxxii. 301.

⁵⁰ *Ibid.* 303-4.

⁵¹ This marvellous genius, who is still remembered as the Father of the country where he worked, had no engineering training other than his observation of works in existence, but 'every bridge, weir, or aqueduct he built was a work of art' (information from the late President of the Indian Irrigation Commission). His earliest experience in irrigation seems to have been his work on the Jumna Canal. After the terrible famine of 1837 he designed the Ganges Canal for irrigation, and owing to Government opposition did the necessary surveying and levelling single-handed. His distrust of an alluvial base led him to place the canal head on the shingle where the river leaves the Sub-Himalaya. This gave the canal excess of slope, and parts of it had afterwards to be remodelled. It is, however, certainly one of the finest engineering works of that date, and perhaps of any age (*ibid.*).

⁵² This seems to have been true to some extent in regard to the Orissa Works. In 1878 the Under-Secretary stated that the Government had originally 'commissioned Sir Arthur Cotton to suggest some scheme for securing the neighbourhood from famine.' From this point of view the works were not a failure. 'Were so terrible a calamity to befall Orissa as that of 1865, the Province would be in a far better position to withstand it. . . . It is certain that the assured produce of 250,000 acres in the heart of the Province would largely influence the grain markets' (*Rep. of the Indian Irrigation Com., 1901-3*).

⁵³ *Hansard* (3rd Ser.), ccxxxii, 309-23.

⁵⁴ The Kaveri Canals, constructed by Sir Arthur Cotton, easily paid 35 per cent.

⁵⁵ In Orissa rice can be raised with the rainfall alone, and except in years of drought irrigation is not needed. The Kurnool-Cuddapah Canal, 'the most melancholy financial failure of irrigation works in the Madras Presidency,' was crushed under the weight of the provision made for navigation, but it has since rendered valuable services as a famine protective work (*Rep. of the Indian Irrigation Com. 1901-3*).

House of Commons—he passed over the root of the whole matter; the outlay to make these canals navigable had caused more than one irrigation project to be crushed under the weight of its capital account.⁵⁶ Whether Sir George Balfour was right in holding the Indian government responsible for this mistake is not clear,⁵⁷ but even if it were due to their suggestion it seems certain that Cotton entered enthusiastically into navigation schemes. The mistake was perhaps pardonable in a country where means of transport were scanty and difficult and of the greatest importance in time of famine, but it nearly ruined the cause of irrigation in India. The Under-Secretary, 'seeing that except in the Madras Delta these irrigation works had all failed . . . thought it was wrong for anyone to support a gigantic agitation 'to force the government into incurring an enormous expenditure.'⁵⁸

John Bright agreed with Sir George Balfour in approving of the demand for an inquiry, while entirely disagreeing with Fawcett's reasons for making it. 'Sir Arthur Cotton,' he said, 'has more information on works of irrigation in India than any other engineer. He has given a lifetime to them.⁵⁹ I confess I think it difficult . . . not to come to the opinion that his authority is one which ought to have great weight with the House. There have been mistakes . . . but if famine comes from want of water, clearly to get rid of famine you must have water. You cannot have water except by works of irrigation.' If the House distrusted Sir Arthur Cotton as 'hopelessly enthusiastic,'⁶⁰ let them consult other experts. 'Surely it would be possible . . . to have a complete scientific inquiry and engineering report of what is possible to be done, and some great plans might be devised, not perhaps to be immediately carried out, but to be looked forward to as a portion of the duty of the government of India to the people. . . . It should be done by a Commission in India.'⁶¹ This ideal was fulfilled by the appointment of the Indian Irrigation Commission in 1901, but in 1877 the craving for economy prevented the House from rising to the height of John Bright's wisdom. On this occasion, as on some others during the decade, the government might well have heeded Eastwick's warning⁶² that retrenchment may be the worst enemy of reform.

⁵⁶ *Rep. of the Indian Irrigation Com., 1901-3.* The Kaveri, Ganges, and Jumna Canals, where no provision was made for navigation, paid well from the first. The Dehir Canal 'would have made quite a satisfactory return' but for this reason. There are 215 miles open to navigation, but no navigation worthy of notice. Other factors contributed to the failure in Orissa, but the expenses were greatly increased by provision for navigation.

⁵⁷ It is certain that the Ganges Canal was much retarded by the government, which directed (with a strange ignorance of the needs of the district) that it should be made 'primarily for navigation not irrigation,' and that 'only such water should be applied to the latter object as is not required for the former.' Cautley, however, stuck to his purpose.

⁵⁸ This referred to the agitation going on outside the House to induce the government to sanction a greater expenditure on irrigation. It was intended as a rebuke to John Bright, who in the opinion of the government had 'too freely endorsed the ideas of speculative engineers.'

⁵⁹ Cotton obtained his commission in the Madras Engineers in 1819. The Kaveri Canals already mentioned were his earliest great work. Built in the winter of 1836, they proved invaluable in the famine of 1837. His other most important work was done in the deltas of the Godavari and Krishna. In the districts protected by these great irrigation works there were no deaths from famine in 1877, and 'it is estimated that the surplus food exported from these districts was sufficient to save the lives of three million persons' (*Dict. Nat. Biog.*).

⁶⁰ Sir George Campbell had so described him.

⁶¹ *Ibid.* cccxxvii, 343-8.

⁶² Addressed to Gladstone's government in 1873; Eastwick left Parliament in 1875.

CHAPTER IX

ORGANIZATION

(1880 to 1892)

PERHAPS to no period of economic history is the description of 'transition' more applicable than to the years 1880-92, which saw the end of individualism as the basic policy of the State and an increasingly distinct tendency towards the adoption of a more modern view of the duties and opportunities of the State. And the change is the more remarkable in that it was occasioned by no international crisis, such as usually brings about a sudden rush of self-consciousness of national being and examination of principles, but by the steady pressure of internal politics and social development.

The general acceptance of the doctrines of the individualists as set forth by John Stuart Mill and Herbert Spencer had led to a period of stagnation in economic thought which was broken in the early 'eighties and a little before by a new school that was not afraid to criticise these opinions. This school had its headquarters at Oxford, where the teaching of such men as Thomas Hill Green, Arnold Toynbee, and David G. Ritchie had a wide and deep influence among the rising generation of politicians. The desire of these academic teachers was to bring philosophy to bear on the framing of political measures of the day. Green explained the new liberalism by drawing a distinction between 'mere freedom from restraint' and 'freedom in the higher sense—the power of men to make the best of themselves.'¹ 'If the ideal of true freedom,' he said, 'is the maximum of power for all the members of human society alike to make the best of themselves, we are right in refusing to ascribe the glory of freedom to a state in which the apparent elevation of the few is founded in the degradation of the many.'² Toynbee, though he died at the early age of thirty-one, had acquired a considerable influence as a lecturer at Oxford and elsewhere. 'The great danger of the democratic upheaval of the time appeared to him to be the estrangement of the men of thought from the active leaders of the people.' At a most critical moment Toynbee gave an impulse and direction to the new-born interest 'of the educated in social questions and to the aspirations of men of all classes after social reform.'³ Ritchie was able, as a biologist and philosopher, to deal successfully with the current notions of the scientific

¹ Ashley, *Economic Organization of England*, 168.

² *Works of T. H. Green* (3rd ed.), iii, 372. Lecture on Liberal Legislation and Freedom of Contract.

³ Lord Milner's Reminiscences in A. Toynbee, *Industrial Revolution*, pp. xxiv, xxv.

man in the street. The teachings of these men undoubtedly had a marked influence on the thoughts of the time and paved the way for such innovations as compulsory insurance, restriction in the hours of labour and the enforcement of a minimum wage.

The years 1880-6, when political individualism still held sway, were fraught with disquietude. Murder, arson, and outrage in Ireland were joined with a campaign to oust the landlords, so that society was forced to examine both the bases of the rights of property and the fundamental principles of government. The word coercion lost its terror, and in the failure of private effort men looked more and more to the State for aid. In English social life much the same thing was going forward on the score of humanity. The misery caused by the depression in trade could not be hidden, and the condition of a large part of the population, even that not specially touched by depression, was shown by the inquiries of the late Charles Booth. These investigations indicated how deep-seated was the evil and how little it could be remedied by purely voluntary effort. From both the political and the humanitarian side, therefore, came the demand for State interference.

To the younger men of all parties this stress of intellectual questioning and political disquietude, of economic disaster, and social misery called first for research. The comfortable doctrine of *laissez-faire* gave place to a passion for organization, whether by specialization, combination, or co-operation. If voluntary or permissive action failed, the untried strength of the State should be utilized.

In discussing the action and reaction of politics and commerce during this period it may be well first of all to consider the position of the various parties. Gladstone was returned to office in the early summer of 1880 with a majority of 107 Liberals over the Conservatives, while the Irish Nationalists numbered sixty-five. His Cabinet was originally composed for the most part of members of the Whig section of the party, chief of these being the Marquess of Hartington at the War Office, the Earl of Derby at the Colonial Office, and Earl Granville in charge of foreign affairs. The charge of home affairs was given to Sir William Harcourt, while Childers became Chancellor of the Exchequer in 1882, thus relieving Gladstone, who at first joined this office with that of First Lord of the Treasury. In the preliminary sketch of the Cabinet, Gladstone had left no place for members of the Radical party, though a very great measure of his electoral success had been due to Chamberlain's 'caucus,' the highly organized political machinery that he had perfected and set in motion in 1877. Such pressure was exercised, however, that Chamberlain became President of the Board of Trade, while his ally, Sir Charles Dilke, took charge of the Local Government Board. As Lord Salisbury put it, 'an effort has been made to give the Radicals and the Whigs alike a share in the policy of what is called the Liberal party. The result is a movement of perpetual zigzag. It is rather like one of those Dutch clocks which we used to see in our infancy. . . . When it is going to be fine Lord

Hartington appears, and when Mr. Joseph Chamberlain is seen then you may look out for squalls.' ⁴ That this was hardly an exaggeration may be seen from the series of apologetic letters that Gladstone addressed to Queen Victoria after the various speeches of his younger colleague. ⁵

Curiously enough, the Conservatives were in much the same difficulty. The death of Lord Beaconsfield in 1881 had left the party under the nominal leadership of Sir Stafford Northcote, though most of the inspiration came from Lord Salisbury. Harcourt, speaking in 1881, ⁶ compared the alliance to the junction of the Rhone and the Saône. 'One,' he said, 'was a dull and placid stream and the other a roaring and turbid torrent, which rolled down together their united but incongruous flood.' Corresponding to the Radical wing was the advanced body of the Conservatives, the little cluster of four: Lord Randolph Churchill, Mr. (afterwards Sir John) Gorst, Sir Henry Drummond Wolff, and Mr. A. J. Balfour, known as the Fourth Party. The Fourth Party was, however, as its name implies, practically independent, and while avowedly democratic its chief purpose was to harry the government in a way of which the leader of the Opposition was quite incapable. The determining factor of the political situation proved to be the Irish Nationalist party, under the leadership of Parnell. With what success Parnell pursued his peculiar tactics, gradually ousting all but Irish questions from the consideration of Parliament, is well known. Largely by means of Chamberlain's persistence a certain amount of useful legislation was achieved, but Acts such as the Employers' Liability Act and those regulating merchant shipping were sandwiched between considerations of Irish Land measures and Coercion Bills.

The government which had entered office in protest against the meddling by England in international politics found itself involved in a series of wars in South Africa, Afghanistan and Egypt, which ended in the occupation of the latter country. As Dissolution closed upon him Gladstone passed the Franchise Bill, though his desire to postpone Redistribution was frustrated by the House of Lords. The Liberals were defeated on the budget, largely by the Nationalist vote, in June 1885, but owing to the progress of the Redistribution Bill, which was in its last stages, it was impossible to dissolve Parliament until the autumn. Meanwhile the Conservatives had no majority in the House, and it was largely on the sufferance of Gladstone that Lord Salisbury, at the head of his 'Caretakers,' held office until the spring of 1886.

But while the Conservatives were enjoying their few months of power the Liberal leader was making plans for the future. What those plans exactly were none knew, though some inkling of their direction was gathered from the fact that the Nationalists voted with the Liberals to secure the defeat of the government on Jesse Collings's amendment to the Address in

⁴ Pulling, *Life and Speeches of the Marquess of Salisbury*, ii, 157.

⁵ Morley, *Life of Gladstone*, iii, 3, 49, 100, etc.

⁶ *Ann. Reg.* 1881, p. 193.

favour of allotments and small holdings—an amendment popularly associated with his phrase “three acres and a cow.” The division list held other significant indications, for eighteen Liberals of various shades, including Lord Hartington, Courtney, Henry James, one of the great Liberal legal lights, Lubbock and Goschen, banker and financier, all voted against the amendment, while John Bright and fifty others stayed away. The division was followed by the immediate resignation of the government, and Gladstone once more returned to office.

Gladstone's ministry in 1886 contained most of his former colleagues, the most important new member being Lord Rosebery, who went to the Foreign Office. Scarcely was the ministry formed than much of its significance was destroyed by the resignation of Chamberlain from the Local Government Board owing, according to Harcourt, to his views on the land question being incompatible with those of his colleagues.⁷ However this may be, it soon became clear that the government could only carry through its Irish policy by the sacrificing of all other controversial measures. Gladstone introduced his Bill giving Home Rule to Ireland on 8 April 1886, and on 8 June the Bill was defeated on its second reading by a majority of thirty votes.

Once more the country was plunged into the turmoil of a general election, but the Liberal Party had been rent, even John Bright denouncing the proposals of his old leader. The result showed the overwhelming of the 191 Liberals by a majority of 315 Conservatives, the Liberal Unionists numbering seventy-eight and the Nationalists eighty-six. The government of the next six years was thus, at last, free from the dominance of the Irish party.

Lord Salisbury's second cabinet, while for the most part composed of the older men, yet contained two members of the Fourth Party—Churchill as Chancellor of the Exchequer and Balfour as Secretary for Scotland. The alliance between the Conservatives and the dissenting Liberals was not yet such as to allow the ‘Unionists’ to take office until 1887, when Goschen followed Churchill as Chancellor. The resignation of the leader of the Fourth Party was due to his determination to cut down the military and naval estimates, a proceeding to which Lord Salisbury could not assent in view of the threatening aspect of foreign affairs. The menace from Germany and France led further to Lord Salisbury himself replacing Lord Iddesleigh (once Sir Stafford Northcote) at the Foreign Office, a post which he retained until the Dissolution of 1892.

After the foregoing rapid survey of the ministries in power during the twelve years dealt with in this chapter, it will be well to continue the consideration of the economic issues which arose at this date. The unsettled state of politics considerably affected the industrial life of the country. At the opening of the new Parliament of 1880 the Queen's Speech noted with satisfaction ‘that the imports and exports of the country, as well as other

⁷ The points of disagreement between Gladstone on the one part and Chamberlain and Trevelyan on the other are set out in Morley's *Life of Gladstone* (1903), iii, 301–3.

'signs, indicate some revival in trade. But the depression which has lately 'been perceived in the revenue continues without abatement.'⁸ The paragraph makes no attempt to conceal the unhappy case of English trade and commerce at the beginning of the new ministry. Gladstone and his supporters were able to say that at least they were not to blame, and many Liberals agreed with Hugh Mason, manufacturer and railway director, when he said that, 'although he did not blame any government for a considerable amount of that depression under which we had suffered for the last two years, he might venture to say that in Lancashire especially the distraction which they had constantly felt from an apprehension of this country being involved in foreign wars had considerably added to the distress which the manufacturing industry of that great county had undergone.'⁹ He thought, however, that the commerce of the country was improving, and this hope was also expressed by Chamberlain in 1881 and in the Queen's Speech in 1882.¹⁰ But when Parliament opened in the following year all such hope had been laid aside, and Churchill took as an object of attack on the government the omission from the Queen's Speech of any notice of 'the marked, 'continued, and apparently hopeless depression of the trade of the country 'as manifested, in spite of the President of the Board of Trade, by the recent 'Board of Trade Returns.'¹¹

Up to this date the depression, though heavy in the textile trades and agriculture, had not spread to the engineering trade. But about this time began the contraction in the iron and steel industry that lasted until 1888, and in March 1884 Chamberlain described how 'for some years shipowning 'had been the most prosperous and profitable industry in the country,' how 'this had led to an over-production of ships, the supply has now exceeded 'the demand,' with the result that 'there was a great deal of depression 'in the shipping trade.'¹² The Board of Trade returns for the year showed that, whereas the tonnage of ships built on the Clyde in 1883 had been 419,664, it had dropped to 296,854 in 1884, while on the Wear the drop had been from 212,360 tons to 99,424.

The effect on employment was disastrous, and was repeatedly brought before Parliament by commercial members, such as E. T. Gourley, as well as by the Labour representatives. Gladstone himself replied to a question put by MacIver, a shipowner and member for Birkenhead, on 27 October 1884. 'I am aware,' he said, 'as the public are aware of the great distress which exists in the shipping trades . . . and in regard to Birkenhead particularly, because to a very considerable extent I have had an opportunity of knowing from personal investigation that it is severe. . . . I do not consider that the precedents of Irish distress and Indian famine are applicable to periods of depression in the trades of the United Kingdom.' As to the proposal to build warships as a measure of relief, 'it would be quite contrary 'to the principle on which the duties of the different departments are dis-

⁸ *Hansard* (3rd Ser.), cclii, 66.

⁹ *Ibid.* cclvii, 116.

¹⁰ *Ibid.* cclxvi, 5, 30.

¹¹ *Ibid.* cclxxvii, 132.

¹² *Ibid.* cclxxxv, 1050; cxc, 231.

'tributed were the Treasury to interfere'; such action would be practically 'mischievous,' and 'would introduce great confusion into the conduct of public business.'¹³

In this October Gladstone was asked whether he would 'advise Her Majesty to appoint a Royal Commission to inquire into the state of trade in the United Kingdom,' and to this the Premier merely replied, 'No, I cannot.'¹⁴ The curtness of the answer was perhaps due to the questioner being Ellis Ashmead-Bartlett, a member whom Gladstone had long before discovered to be impervious to snub, and, moreover, almost too well informed on the affairs of the Near East. In November Lord Dunraven, in the Upper House, asked for a Select Committee, basing his request, not on the conditions of trade, but on the distress among the workers; and he was opposed, though with courtesy, by Lord Granville,¹⁵ who concluded his reply by saying, 'This demand for fair trade appears to me to be as theoretical and fallacious as anything can possibly be. I must say that I shall be extremely surprised if your lordships, simply on the statement of the noble earl (the Earl of Dunraven) as to the existing state of things, which I think I have proved is not a correct statement, and after his suggestions as to the reforms he would carry out, should agree to grant the inquiry which he desires.' On the change of ministry in 1885, however, the promise of an inquiry was embodied in the Queen's Speech.¹⁶ Lord Iddesleigh defined 'the object of the investigation' 'as not to suggest legislation, but to ascertain the facts—how far the depression goes, and what it will lead to if nothing is done; also to examine somewhat critically the proposed remedies.' The Commission finally reported in 1886;¹⁷ true to its terms of reference, it made few suggestions for legislation, but collected a vast body of evidence on industrial subjects.

Both Gladstone and Chamberlain grounded their refusal of a commission on the danger of allowing foreign opinion to think that our policy was wavering or of raising the hopes of the people of an improvement in trade. The real reason seems to have been their reluctance to allow any investigation which might throw doubt on the wisdom of free trade; indeed, Lord Salisbury had some justification for his charge that the Liberals held the doctrine 'that you ought not to inquire unless you know what the result of the inquiry will be.'¹⁸ As early as 1881 'fair trade' became a popular cry in some parts of the country. The agitation was raised in the first place by the 'Fair Trade League,' formed to avert the threatened destruction of the British sugar refineries by the foreign bounty system. The members of the league were drawn from every class of society interested in the business, workman as well as capitalist, and among its activities was a determined but unsuccessful attempt to capture the Trade Union Congress. The league demanded the imposition of duties sufficient to countervail the foreign bounties, and in this they secured the support of Lord Salisbury, while even Lord Kimberley,

¹³ *Hansard* (3rd Ser.), ccxciii, 256.

¹⁴ *Ibid.* 157.

¹⁵ *Ibid.* 1069.

¹⁶ *Ibid.* ccci, 33.

¹⁷ *Parl. Papers*, 1886 (c. 4893), p. xxiii.

¹⁸ *Hansard* (3rd Ser.), ccxciii, 1080.

secretary of State for India, admitted that such policy would be legitimate under certain circumstances.¹⁹ On presenting to the Lords a petition from the planters and merchants of Barbadoes Lord Salisbury denied in the most categorical manner that he was raising the standard of protection, retaliation or reciprocity. 'Do not tell me,' he said, 'we are bound by the principle of free trade to look on coldly and calmly and see this destruction of British industries accomplished, because if you lay down that principle broadly and strongly, and say that nothing shall induce you to interfere when a foreign government is destroying British industry, you may be quite sure that these undertakings which have hitherto been so successful will be initiated in other industries, and industry after industry will be destroyed by the co-operation of the foreign governments with the foreign manufacturer against which the British manufacturer is absolutely powerless.'²⁰ . . . Capital will not be invested in industries of this kind unless there is some prospect of stability of conditions, and if industry is always liable to be destroyed by a sudden incursion of a foreign government using the taxes of its own subjects for the purpose of destroying that industry, the British capitalist will not risk his capital by sinking it in the machinery and buildings necessary for carrying on the trade.'

The position was the more threatening in that the French had begun to apply the bounty system to the mercantile marine. The carrying trade had long been regarded as the foundation of British commercial supremacy, and while the shipbuilding yards here showed an increase of 300,000 tons in the amount turned out between 1872 and 1881 the French yards had shown an increase of merely 6,000 tons.²¹ The growing distrust between the two nations was intensified by commercial jealousy, and the manufacturing interest of France urged upon the government the danger of dependence on Great Britain for their supply of raw materials, especially as the Suez Canal now brought France so much nearer to the Eastern markets. In 1880, therefore, the government introduced a Bill providing for a bounty of 1½ francs per ton on every ton of new shipping built in France for each 1,000 miles traversed in voyages to and from France.²² The result of this was the payment of about £2,000 per voyage on the class of steamers employed by English shipowners in voyages between France and South America, an equivalent of about 10 per cent. of the ship's value.²³ The British Government consoled the shipowners by saying that 'it was the opinion of the highest authorities 'in France that the proposed law in regard to shipping . . . would prove 'ruinous to the finances of that country.' They pointed out, moreover, that 'the British shipping trade was in a very flourishing condition';²⁴ while in July 1884 Chamberlain said that the percentage of British ships for long sea voyages had 'increased from 80·8 in the first five months of 1882 'to 84·3 during the same period of 1884, while the percentage of British 'tonnage clearing out for the same period increased from 82·2 to 83·4, which 'would tend to prove that British shipbuilders and shipowners are well able to

¹⁹ *Hansard* (3rd Ser.), cccxciii, 1074. For the whole question see below.

²⁰ *Ibid.* cclxiii, 222.

²¹ *Ibid.* ccxc, 505.

²² *Ibid.* ccliii, 539.

²³ *Ibid.* 547.

²⁴ *Ibid.* cclxiv, 1741.

'hold their own against foreign numbers' in spite of bounties.²⁵ Three months later the danger which was threatening British shipping could be no longer denied. 'The French Bounty Law,' said Chamberlain, president of the Board of Trade, 'provided that ships might be built abroad up to a certain time, but that they were to be repaired in French ports, and the effect of that has been to increase the pressure of the depression in this way—that, in the first place, it created an exceptional demand for ships in this country, and led to the employment of a large number of persons. . . . When the artificial demand ceased, the depression, of course, was increased proportionately, and at the same time there has been an artificial demand for labour created in France by the repairs which have become necessary on the ships,' with the result that a certain number of artificers from the north-east coast had emigrated to France.²⁶ The policy of granting shipping bounties was adopted at about the same time by Italy, while steps in the same direction were also taken by the United States.²⁷

MacIver had warned the ministry that unless something were done British capital would probably be diverted to French shipping concerns, and that the French companies were participating in the Hankow Conference formed in 1884 to meet the competition of German shipping in China Seas.²⁸ As for the government, their attitude was expressed by Mundella, president of the Board of Trade, when he said in March 1886 that 'Her Majesty's Government, . . . while disapproving of any interference with trade, whether by bounties or by protective duties, are not aware that they have any means of inducing or compelling foreign governments to abandon them. They have no intention of entering upon a war of tariffs against bounties, which, whatever harm they may do in other ways, certainly have the effect of giving English consumers cheap foreign sugar at the expense of the foreign taxpayer.'²⁹

It was one of the embarrassments of the government that the colonies would not accept this view, and in 1882 Lord Hartington had been shocked to find that the Government of India had arranged to give what was practically a bounty to the newly formed ironworks in the Punjab, a proceeding that he found 'open to serious objection.'³⁰ While still grappling with the bounty system, the British carrying trade was further menaced by the *surtaxe d'entrepôt*, which had been adopted by France before 1880, and had been suggested as regards Germany. The shipowners, represented by MacIver, protested against 'placing this country, as the great carrying nation of the world, in a less favourable position than a most favoured nation by a special tax being levied on goods which are at present carried almost exclusively by British ships, and which, although ultimately intended

²⁵ *Hansard* (3rd Ser.) cxc, 506.

²⁶ *Ibid.* ccxciii, 354.

²⁷ See *ibid.* cclix, 332; ccii, 310; cccxlviii, 524.

²⁸ See below. The preferential rates that made the shipping of articles from China to France by way of England cheaper than their carriage for English consumption found at once their origin and their justification in the *surtaxe d'entrepôt*. It was the shipowners' mode of maintaining free trade.

²⁹ *Hansard* (3rd Ser.), ccciii, 300. Four refineries in the East End of London had just come to grief (*ibid.* 1800).

³⁰ *Ibid.* cclxiv, 1542-3.

for a foreign destination, are first landed in this country.' Sir Charles Dilke replied for the government that, 'from the nature of English trade and the 'relative geographical positions of the two countries, the *surtaxe d'entrepôt* in France does, no doubt, act more unfavourably towards England than to 'any other country,' and that we might take comfort in the thought that if the *surtaxe* were adopted by Germany 'Belgium and Holland would suffer 'quite as much, if not more than this country.'³¹ The importance of the matter is evident from Sir Charles Dilke's admission that three-sevenths of the exports of this country to France consisted of foreign and colonial produce, while the nursing of the French textile industries was shown by the exemption of raw wool from any tax.³²

Both the question of bounties and that of the *surtaxe* were greatly to the fore at this time, as Cobden's commercial treaty with France expired in 1879, though provision was made for its continuance for six months after the new French tariff had been promulgated. This tariff embodied a scale of duties in general 24 per cent. higher than the existing conventional rates, while calculation was made the more difficult by the conversion of *ad valorem* into specific duties and by a change of classification.³³ On the motion of C. J. Monk, member for Gloucester, the House of Commons on 9 June 1881 declared that it viewed with regret the reactionary character of the new French general tariff, and was of opinion that no 'commercial 'treaty between Great Britain and France would be satisfactory which did 'not tend to the development of commercial relations between the two countries by a further reduction of duties.'³⁴ The last phrase of this resolution was adopted from the words used by M. Léon Say, ambassador to this country, when in the previous year he proposed negotiations on the basis of a further reduction of French import duties and the exemption of cattle and agricultural implements from the conventional tariff in return for a reduction of the English duties on French wines.³⁵ In accordance with this reduction Gladstone prepared to lower the duty on all wines, a scheme abandoned when the negotiations with France showed no sign of successful issue. The election of M. Say as President of the Senate took him away from London, and his proposals became a ground for party warfare. The French Government was forced by the manufacturing interests to pledge itself to convert *ad valorem* into specific duties, while by means of information collected from both capitalistic and labour sources the British Foreign Office was convinced that the change would be particularly oppressive to cheap and heavy cotton and to woollen goods. The question of finding 'a specific duty' which will correctly represent the equivalent of an '*ad valorem* duty' proved one of 'almost insuperable difficulty.'³⁶ Finally the French decided to take the

³¹ *Hansard* (3rd Ser.). ccliv, 177. The *surtaxe d'entrepôt* was a supertax on goods exported from their place of origin to another country and thence transshipped to their place of final destination.

³² *Ibid.* cclxvi, 1944.

³³ *Ibid.* cclx, 1529.

³⁴ *Hansard* (3rd Ser.), cclxiii, 1264.

³⁵ *Ibid.* cclxii, 119.

³⁶ *Parl. Papers*, Commercial 1880, xxiv.

matter out of the province of diplomacy ³⁷ by passing a law, promulgated on 27 February 1882, by which British produce was given the same treatment as that accorded to the most favoured nations, and on the following day a convention was signed under which the tariff was accordingly 'regulated by the internal legislation of each of the two States.' ³⁸ It is noticeable that this arrangement was not applicable to the produce of the British colonies, which therefore remained under the operation of the new French general tariff.

The result obtained was thus entirely negative: the government would neither accept the French proposals for a tariff treaty nor would it impose retaliatory duties in protection of its own industries. Lord Granville had remained true to his principle as to 'the disadvantage of negotiating treaties 'of commerce,' though he was forced to acknowledge them in the interests of stability and continuity, and in this he was supported by Sir Stafford Northcote, leader of the Opposition, who was equally opposed to such treaties, as they 'always imply bargains and equivalents or lead to obligations.' ³⁹

By a series of treaties made between 1877 and 1883 Spain had granted 'most favoured nation' treatment to France, Switzerland, Sweden, Norway, Portugal and the German Empire. England was left almost alone under the burden of the general tariff. C. T. Ritchie, constant champion of 'fair trade,' asked for the raising of the duties on Spanish wines as a means of retaliation, but was told by Sir Charles Dilke that 'the imposition of differential duties is not in accordance with the policy of Her Majesty's Government, but we have just cause to complain of the differential duties which have long been levied by Spain on British goods.' ⁴⁰ These duties applied equally to colonial goods, and in August 1882 Captain Aylmer drew attention to the new prohibitive duty levied on fish cured in Newfoundland, this being 2s. per cwt. above that charged on fish from Norway, Denmark, and other countries. Gladstone replied that 'if the intelligence proved to be true, however much he might regret the policy which the Spanish ministry had thought fit to pursue as regarded the trade of this country, he was not aware that it was in his power to take any measures to obviate the consequences or to relieve the people of Spain from the disadvantages which, as the government believed, would be inflicted on them.' ⁴¹ On the suggestion being made that the differential duties as against English produce were intended as a retaliation for our wine tariff as unduly favourable to France, ⁴² Gladstone was at some pains to show that the complaint was ill-founded, ⁴³ while any alteration in the tariff 'would involve a considerable sacrifice of revenue, which the fiscal engagements of this country did not enable them at this time to contemplate.' The situation was, however,

³⁷ The abandonment of negotiations was announced on 24 February (*Hansard* [3rd Ser.], cclxvi, 1529).

³⁸ Bernhardt, *Handbook of Treaties, etc.*, p. 322.

³⁹ *Ann. Reg.* 1881, p. 186.

⁴⁰ *Hansard* (3rd Ser.), ccvii, 1739.

⁴¹ *Ibid.* cclxxiii, 1149.

⁴² *Ibid.* 1692.

⁴³ *Ibid.* 1694.

rapidly becoming unbearable, and in December 1883 Sir Robert Morier, on behalf of Great Britain, agreed that the government should apply for powers to extend the 1s. duty to wines containing 30° of alcohol,⁴⁴ while the Spanish ministry was to seek power from the Cortes to extend most-favoured-nation treatment to British goods. The arrangement, which extended to the colonies, was finally completed in 1886. A similar concession of most-favoured-nation treatment was obtained from Portugal in 1882, Portugal merely reserving her right to give especially favourable treatment to Brazil.

In dealing with the Balkan States some difficulty arose over the most-favoured-nation clauses embodied in the existing treaty with Austria-Hungary, which claimed to pay only half-duty on paper, pottery, glass, iron and steel. Great Britain, never having sent iron to Serbia, waived her treaty rights upon this point, and received in consideration a reduction of duty on woollen and cotton yarns of from 8 to 5 per cent.⁴⁵

A reduction in the duty on dried fruits enabled Great Britain to secure reciprocal tariff advantages from Greece in 1890, when the Under-Secretary for Foreign Affairs pointed out that the reductions would also apply to all the most favoured nations, though the articles selected were those imported in the largest measure from this country.⁴⁶

In all the negotiations incidental to these commercial dealings with other countries the lack of any organized relationship between the home and colonial governments, as well as between the government and the trading interests, was plainly evident. Neither the Crown Colonies, Canada, Australia, nor India would accept free trade, and to this divergence in policy must be ascribed much of the distrust felt towards each other by the colonies and the home government. It must have been particularly sad for Leonard Courtney, afterwards Lord Courtney, to be forced to announce that in order to meet a deficit the legislature of Jamaica had made an addition of 10 per cent. to the import duties for a year, and that the Secretary of State had allowed the measure.⁴⁷ The West Indies even imposed food duties, and maintained them in spite of protests from the Colonial Office, and went so far as to enter into negotiations for a reciprocal tariff with the United States.⁴⁸ The proposed increase in the stringency of the American rates by the McKinley Tariff led at the same time to an attempt to establish a commercial union between Canada and the States. In 1889 the House of Representatives at Washington passed a resolution to the effect that 'whenever it shall have been duly certified to the President that the Government of Canada has declared a desire to establish such a union the President should appoint commissioners to meet those sent from Canada, and together they should arrange for the assimilation of the import duties and the internal revenue taxes of the two countries.' The negotiations led to questions in the House, and Howard Vincent sought information as to the declarations

⁴⁴ Stat. 49 & 50 Vict., cap. 41.

⁴⁵ *Hansard* (3rd Ser.), colxiii, 1261, 1613.

⁴⁶ *Ibid.* cccxii, 264.

⁴⁷ *Ibid.* cccxlv, 1577.

⁴⁸ *Ibid.* colxvii, 241.

⁴⁹ *Ibid.* cccxii, 264. Duties had been imposed on flour and salt fish (*Rep. of R. Com. on West India Islands, Jamaica*, 74-5).

which had been made to Sir Alexander Galt and the Dominion Government by the late Lord Carnarvon in 1878 and by Lord Kimberley in 1881. These declarations he stated had been interpreted by General Laurie, member of the Canadian House of Commons, 'to be a charter to the colonies, authorizing 'them to have a voice in all treaties made with foreign powers in which 'colonial interests are concerned.' The point was carefully avoided by the Under-Secretary of State for the Colonies, who replied that 'it has been the 'practice for the Imperial Government alone to conclude treaties of commerce 'with foreign powers, but on special occasions the representatives of the 'colonies have been consulted or admitted to take part in the negotiations.'⁴⁹

Proposals to bring some sort of organization into the relations between the home and colonial governments were at first made chiefly by the fair trade party. As early as 1881 Ritchie was urging that Great Britain and her dependencies should be formed into a Zollverein, within which the principles of free trade should be maintained. The scale of duties on foreign manufactures should be graduated and all raw materials admitted free. Lord Carnarvon, formerly Conservative Colonial Secretary, seems to have held much the same views, and considered that we had neglected the colonies, whereas 'one of the best things we could do' to meet the depression of 1884 'would be to see if we could not devise some form of commercial connection between the colonies and the mother country.'⁵⁰ On the assembly of the colonial delegates for the celebration of the Queen's Jubilee some attempt was again made to secure a common fiscal policy, but the question of Imperial defence was still more pressing and absorbed the greater part of the assembly's time. In 1891 Howard Vincent urged a resolution in the Commons that 'an early opportunity should be taken of inviting the 'self-governing colonies to confer with the Imperial Government upon 'the best means of developing the trade of the Empire,' but even so far-seeing a man as Sir Lyon Playfair argued that as trade was good there was no need of disturbing the natural course of development by State organization.⁵¹

But, while the negative attitude of the State towards trade was part of its deliberate policy, the increase of organized foreign competition was rousing the desire for more State assistance even among free trade commercial men, and a certain amount of reorganization was actually effected. In 1882 there was a demand for a minister specially charged with the care of both commerce and agriculture, but Gladstone ignored the first part of the request, which he seems to have regarded as an attempt to undermine free trade. Nominally, at least, commerce was in the hands of the Board of Trade, but the Board's interest was largely confined to dealings with overseas peoples, and as late as 1886 the Commissioners on Trade Depression found that the statistics for internal trade were 'very imperfect,' so that it was 'not easy to measure the growth from actual production.'⁵² The trade of Ireland, moreover, was treated as part of the internal trade of the

⁴⁹ *Hansard* (3rd Ser.), cccxlviii, 89.

⁵⁰ *Ibid.* cccxiii, 1079.

⁵¹ *Ibid.* ccc, 908, 918-25.

⁵² *Parl. Papers*, 1886, xiv, c. 4893.

United Kingdom, and consequently no measure of Irish production was available, while Mundella said that no official return of the values and quantities of the principal articles of Anglo-Irish trade could be given without considerable increase in expense as well as much delay and inconvenience to trade.⁵³

Yet another recommendation made by the Commissioners on the Depression of Trade was that 'consular help should be made more available 'for trade.' The short-lived Liberal Government of 1886 was continually 'heckled' in the Commons on the subject of consuls and their reports. Bryce, as Under-Secretary for Foreign Affairs, tried to make the best of it by pointing out that in 1884 the Foreign Office received 138 trade reports from consuls, sixteen from secretaries, and sixteen of general interest, but the value of these was lessened by the fact that the reports were published in uniform covers merely stamped 'commercial,' and no clue was given to the nature of their contents or even of the country they concerned. In order to save expense the consuls and vice-consuls in European countries were as far as possible unpaid, and British trading interests in both Leipzig and Berlin were looked after by foreigners who added consular to their own business activities.⁵⁴

At the same time Germany was sparing no money in obtaining a hold on foreign markets and trade interests were fostered not merely by an efficient consular service but by commercial attachés. In April 1886 C. B. MacLaren moved a resolution⁵⁵ that 'the government ought to consider the 'desirability of appointing properly qualified diplomatic agents in all foreign 'capitals or seats of government for the express purpose of promoting 'the extension of British commerce.' Goschen pointed out that, while some of the methods adopted by foreign consuls were incompatible with our national reputation for honourable dealing, it was perfectly legitimate to seek to ameliorate a foreign tariff or to increase our stock of information, and declared that since the Commercial Department had been established at the Foreign Office there had been a great official desire to promote the interests of British trade.⁵⁶ Bryce, speaking for the government, asked for gratitude and patience, and accordingly proposed that the House should express 'satisfaction that Her Majesty's Government are examining proposals for increasing the efficiency for commercial purposes of the diplomatic and consular staff of the Foreign Office, and for promptly obtaining and distributing information on commercial subjects.'⁵⁷

Yet another remedial measure proposed by the Commission on Trade Depression was the strengthening of the law dealing with fraudulent trade marks. The measure of 1862 had proved defective, as proceedings had to be taken by indictment and conviction was difficult, since the burden of proof of fraudulent intent lay chiefly on the prosecutor.⁵⁸ If these were the defects

⁵³ *Hansard* (3rd Ser.), ccciii, 10.

⁵⁴ *Ibid.* ccxiv, 1768.

⁵⁵ *Ibid.* 609.

⁵⁶ *Ibid.* 622-5.

⁵⁷ *Ibid.* 635.

⁵⁸ *Ibid.* ccxviii, 13.

from the consumer's point of view, the trader also had his grievance that the right to a registered trade-mark was not indefeasible. Arthur Arnold in 1883⁵⁹ introduced an amending Bill so as to give the first proprietor of any trade-mark an absolute and exclusive right to its use after the space of five years from the date of registration, but the proposal met with considerable opposition from business members and was eventually dropped. At the same time the government were making provision for registration under the Patents Act. A certain amount of difficulty appears to have arisen from the fact that seizures of fraudulently marked imports were made by the customs authorities under the direction not of the Board of Trade but of the Treasury.⁶⁰ Under the existing law it was only possible to seize and condemn articles bearing the name of a place in this country which would, from its reputation for particular manufactures, impart a special distinction on goods so marked. Sheffield cutlers were especially harassed by this form of German competition,⁶¹ and watchmakers also suffered from the practice of exporting English hall-marked cases, filling them with foreign movements and then selling them as English-made watches on the strength of the hall-mark.⁶² The agitation on the subject resulted in a Bill being prepared by the Liberal Government of 1886, but it was withheld after consultation with the Master Cutler, one of the British representatives at the International Conference then being held at Rome.⁶³ On the accession of the Conservatives to power in 1886 they introduced first a Bill for the amendment of the Act of 1862 and shortly afterwards a Consolidation Bill. These two, with the Bill reintroduced by Mundella, were incorporated by a select committee into the Merchandise Marks Law Consolidation and Amendment Act of 1887.⁶⁴

The Patent Laws also received amendment, under the pressure of American competition, in spite of *laissez-faire* prejudice. Chamberlain, as President of the Board of Trade, defended the patentee's temporary monopoly on the ground that 'the country benefited by the invention, and everything that 'stimulated invention was, therefore, advantageous to the community,'⁶⁵ a line of argument which was to take him far. In 1883 he introduced his Patents for Inventions Bill,⁶⁶ the objects of which were fourfold. 'In the first place,' he said, 'the protection granted should give adequate protection to the inventor without creating an undue monopoly. In the second place, the cost of obtaining patents should not be so great as to put them out of the reach of any class of inventors; in the third place, the protection should be as real and effectual as possible; and, lastly, where litigation was inevitable it should be both cheap and efficient.'⁶⁷

Perhaps the most important of the recommendations of the Commission

⁵⁹ *Hansard* (3rd Ser.), cclxxvi, 500.

⁶⁰ *Ibid.* cccli, 1543.

⁶¹ *Ibid.*

⁶² *Ibid.* cccliii, 1175.

⁶³ *Ibid.* ccv, 365.

⁶⁴ Stat. 50 & 51 Vict., cap. 28; *Hansard* (3rd Ser.), cccxviii, 13.

⁶⁵ *Hansard* (3rd Ser.), cclxxviii, 352.

⁶⁶ *Ibid.* 349.

⁶⁷ *Ibid.* 352-3.

on Trade Depression was that urging the search for new markets.^{67a} The depression felt by trade throughout Europe in the early 'eighties pointed to the necessity of opening up other quarters of the globe to British trade. Certain attempts were made to start a regular trade with Central Asia, and the Indian Government sent a mission to the Llama of Thibet. The growth of the Russian sphere of influence⁶⁸ proved a hindrance to traffic on the western frontier of India and in the hinterland of Persia, though at one time there was talk of developing the corn-lands of the latter country. Further attempts were also made to use the concession granted by the Sultan for the construction of the Euphrates Valley Railway, which, it was urged, would form an alternative route to India, in case of the blocking of the Suez Canal.⁶⁹

Meanwhile British enterprise was being pushed in the East Indies. In the late 'seventies an Austrian subject, Baron Overbeck, had obtained from the sultans of Brunei and Sulu, in North Borneo, concessions of what were practically sovereign rights.⁷⁰ Baron Overbeck and Mr. Alfred Dent formed a limited liability company for the development of their concession, and finally applied to the Foreign Office for a royal charter. The matter was not settled before the Conservatives left office, and the incoming government was in some difficulty, as it was practically pledged not to extend British dominions or incur fresh responsibilities. After some delay the British North Borneo Company, in 1881, received its charter, which empowered it to acquire the sovereign powers, and to exercise the same.⁷¹ The government was attacked in both Houses of Parliament. Earl Granville maintained that the occupation of the country by a foreign power would be a source of disquietude to this country,⁷² while Admiral Sir John Hay, from the naval point of view, called attention to the excellence of the harbours and to the need of keeping down pirates in the China Seas.⁷³ To all this Peter Rylands, member for Burnley, a typical Liberal member of the cotton school, replied that to say that we 'wanted to get a foothold because we thought it necessary for the protection of our trade . . . was the old tale—the tale which had been so often told by hon. members now sitting on the opposite side of the House, and which had been so often denounced as based upon a doctrine of selfishness.'⁷⁴

In Africa the same difficulties were being experienced. The attitude taken up by Great Britain towards the slave trade had for long been a matter for cynical jest on the Continent, but its political importance was now to make itself plain. 'It was not so very long ago,' said Lord Granville in 1883, 'that the interests of Europeans in the Congo and other African rivers were centred in the desire of monopolizing the slave trade in them. . . .

^{67a} 'It is obvious that we must display greater activity in the search for new markets and greater readiness to accommodate our productions to local tastes and peculiarities. Even in a matter of so little apparent importance as weights and measures it would seem that our disinclination to adapt ourselves to the requirements of our customers has not been without its effect.' *Parl. Papers*, 1886, c. 4893, p. xxiv.

⁶⁸ *Hansard* (3rd Ser.), cclxv, 772, 779.

⁶⁹ *Ibid.* cclxxii, 675.

⁷⁰ *Ibid.* cclxvii, 1150.

⁷¹ *Ibid.* 1151.

⁷² *Ibid.* 713-14.

⁷³ *Ibid.* 1181-2.

⁷⁴ *Ibid.* 1214.

But a great change has come over the African question. The labours of men like Livingstone, of Stanley and others, have given us a knowledge of the physical character of Central Africa, and of the populations which inhabit it, showing that there are great capabilities for the development of trade, and we are now better informed as to the civilizing effects which are the sure results of commerce.⁷⁵ Thus to the traditional policy of fighting the slave trade was added a determination to secure the best possible terms for British commerce in the new market. The chief opponents with whom Great Britain had to deal on the west coast of Africa in 1883 were the Portuguese, who laid claim to territory on the Congo. These claims had been 'as 'constantly repudiated and resisted by us as a matter of right,' with the result that as there was no jurisdiction over the merchants in the disputed territories there were 'many cases of practical slavery, of cruelty, and then of 'retaliatory outrages, without any opportunity for redress.' In order to remedy this state of things by a definition of boundaries, negotiations had been in progress since 1881, and Portugal agreed to the 'perfectly free navigation not only of the Congo but of other African rivers, which are arteries of 'trade' as well as to the establishment in all her African possessions of the tariff adopted in Mozambique in 1877.⁷⁶ The matter was also discussed in the Commons, where the Under-Secretary for Foreign Affairs declared that Great Britain would acknowledge no 'indefinite claim of the Portuguese Government inland,' and 'had resolved that nothing should appear in the treaty which could be used by the Portuguese Government or any other as a bar to the enterprise of those travellers who, from all parts of the African coast, were now pressing into the interior of the country.'⁷⁷ Lord Edmond Fitzmaurice also explained that the Portuguese customs administration was defective and that Great Britain was bound to obtain security against the high-handed action of the officials interfering with British trade.⁷⁸ Finally, Gladstone promised, 'I am quite ready, under the circumstances of the case, to engage . . . that if we shall find it expedient, according to our conviction—on which I can at present give no positive judgment whatever—if we arrive at the conclusion that it is for the interests of the country, and of that country in particular, that we should make a treaty, that treaty should be made known to Parliament before ratification, in such a way, and with the intervention of such an interval, that Parliament shall be enabled to exercise an independent judgment upon it.'⁷⁹ Whatever the meaning of this cryptic utterance, the attempt to conclude a treaty was abortive and Portugal referred the whole matter to the arbitrament of Europe. She it was who proposed the conference held in Berlin in 1884 that led to the formal partition of Africa.

None of the great European powers could look on the matter dispassionately. France entered the African field in the summer of 1883, when the native chiefs on the Kwa-Kwa and Malemba rivers were induced to sign treaties. Owing to the hostile character of the revised French colonial tariff as already experienced on the Gaboon, Great Britain could not

⁷⁵ *Hansard* (3rd Ser.), cclxxvi, 1890.

⁷⁷ *Ibid.* cclxxvii, 1310.

⁷⁶ *Ibid.* 1891-2.

⁷⁸ *Ibid.* 1308.

⁷⁹ *Ibid.* 1325.

allow French influence in this direction to spread unchecked, and in the autumn of the same year it was decided to proclaim a British protectorate over the Oil Rivers and Amba Bay.⁸⁰ During the absence on leave of the resident Consul-General of the Gold Coast an emissary of Germany arrived on the west coast 'in order to complete the information . . . in the possession of the Foreign Office at Berlin on the state of German commerce on that coast.'⁸¹ Whatever his instructions, Dr. Nachtigal quickly secured Togoland and the adjoining territory for the German Empire, though 'Consul Hewitt,' as Lord Edmond Fitzmaurice put it, 'arrived in time to secure 'the Oil Rivers and the mouths of the Niger—the real commercial key of 'the situation in that region—and the coast westward from the Rio del Rey 'to the boundary of Lagos.'⁸²

When, therefore, the government accepted the invitation to the Berlin Conference in the autumn of 1884 it did so 'without prejudice to the rights 'acquired under recent treaties negotiated by Consul Hewitt,' and while they gave 'their general acceptance to the Conference . . . they considered 'it necessary to make specific reservations in regard to the position of this 'country on the Niger.'⁸³ The annexations had not been made without a commercial basis. As long before as 1879, when the only Europeans on the Niger were British subjects, all the trading interests had been amalgamated in the United African Company, which started with a capital of only £125,000. In 1881, on the analogy of the British North Borneo Company, it applied for a charter, but this was refused on the ground of the smallness and exclusive character of the concern. It was decided, therefore, in 1882 to promote a fresh company with a capital of £1,000,000, and the French now became aware of the possibilities offered by the neighbourhood, with the result that two French companies were started under the patronage of Gambetta. The British Foreign Office backed up the English company, with the result that it was able to buy out the French rivals, though the sale was only completed two days before the opening of the Berlin Conference. The company thus held the only trading interest on the river, and, in spite of German efforts, maintained this position, which was further strengthened by its incorporation by charter as the Royal Niger Company in 1886.⁸⁴

The interest of the Berlin Conference, therefore, was limited to the Congo, and the government announced that the first basis laid down by the Conference was that of liberty of commerce in the basin and mouths of that river, while the second was that of the application to the Congo and Niger of the principles adopted by the Congress of Vienna.⁸⁵ Care was taken to secure the presence in Berlin of representatives of important trade interests who were well acquainted with the west coast, and arrangements were made

⁸⁰ Fitzmaurice, *Life of Lord Granville*, ii, 339.

⁸¹ *Ibid.* 340.

⁸² *Hansard* (3rd Ser.), ccxciii, 149.

⁸³ J. S. Keltie, *Partition of Africa*, 279-82.

⁸⁴ *Hansard* (3rd Ser.), ccxciii, 1214. The principal matters dealt with at the Conference were the settlement of the Congo Basin and Niger district, the trade and navigation of the rivers, the suppression of slavery and the definition of spheres of influence.

⁸⁵ *Ibid.* 341.

for consultation between them and the British representatives.⁸⁶ The Conference sat from 15 November 1884 to 30 January following. It resulted in the formation of the Congo Free State, a territory practically occupied already by the International African Association, of which the King of the Belgians was the chief promoter. While the powers united thus to put the greater part of the left bank of the Congo outside international competition, they further agreed to establish freedom of trade in the district watered by it and its affluents, and they extended the free-trade bounds eastward to the Zambesi and the Mozambique Channel.⁸⁷

Meanwhile Germany had established herself in Damaraland and Namaqualand, where Rhenish missionaries had settled in 1842. The Cape Government, after some delay, had pressed for British annexation too late, and Lord Granville found in Angra Pequena and the neighbouring coast a convenient compensation for German support in Egypt.⁸⁸

German enterprise was also being extended in East Africa. Great Britain had long had a paramount interest in Zanzibar, the Sultan of which claimed sovereignty over at least a strip of the main coastline. In 1885 Karl Peters and two enterprising companions travelled to the east coast disguised as mechanics, and, landing in the territory of the Sultan, proceeded to obtain concessions and treaties from the various chiefs. The formation of the German East Africa Company immediately followed, and by the end of the year the Germans 'had established themselves, so as to constitute a 'valid claim to their interests being considered, in the great tract between 'the lakes and the sea.'⁸⁹

The same year saw the formation, under charter, of the Imperial British East Africa Company and its establishment to the north of the German tract. 'In 1886 there was an arrangement made by which the German and British spheres of influence in Eastern Africa were so far delimited that the districts inland were divided between the two powers. But the Germans had established themselves to the northward as well as to the southward of us, and there was great risk of our endeavours being frustrated and the chartered companies being overlapped and outflanked by the operations of energetic explorers. It therefore became exceedingly necessary that some better arrangement should be made.'⁹⁰ Accordingly the government in 1890 entered into negotiations with Germany in an endeavour by the 'delimitation of spheres of influence to obviate causes of jealousy and friction 'in the time to come.'⁹¹ The negotiations were followed by both Houses of Parliament with a good deal of distrust. Ernest Beckett expressed a general feeling when he said that 'though the Germans are full of friendly expressions, 'their aim and object seems to be the limitation of our expansion 'and the expansion of their limitations.'⁹² The Germans seem already to have cherished the scheme of joining their eastern and western lands across

⁸⁶ *Hansard* (3rd Ser.), cccxciii, 1372.

⁸⁷ Keltie, *Partition of Africa*, 203 *et seq.*

⁸⁸ Fitzmaurice, *op. cit.* ii, 354.

⁸⁹ *Hansard* (3rd Ser.), cccxlvi, 747.

⁹⁰ Sir John Fergusson in *ibid.*

⁹¹ *Hansard* (3rd Ser.), cccxli, 1650.

⁹² *Ibid.* 1639.

the continent, and there is something prophetic in Beckett's talk of a German and Dutch alliance to drive the English out of Africa.⁹³ Much annoyance was also felt at the Cape, on the ground that, though confidential communications as to the concessions had passed between the home government and the High Commissioner, the Cape government had not been consulted.⁹⁴ The negotiations did not, however, result, as many had feared, in the cession of the land between Bechuanaland and the Zambesi, but Great Britain obtained the protectorate of Zanzibar and British Central Africa, while Heligoland, which had been one of the objects of German diplomacy since 1884, was surrendered to Germany.⁹⁵ The same year, 1890, saw also the proposal for a convention with Portugal placing the Zambesi and Shirè Rivers under international control, and in the following year the region north of the Zambesi was included in the British sphere.⁹⁶ Lord Salisbury also concluded an agreement with France, which since 1886 had had special interests in Madagascar. France held that the agreement of 1862 between the two powers enabled her to veto the establishment of any protectorate over Zanzibar, and she now waived this claim in consideration of our acknowledgment of her protectorate of Madagascar.⁹⁷ Mutual arrangements were also made in regard to the hinterland of Algeria and of the territory of the Royal Niger Company, greatly to the benefit of that undertaking.⁹⁸

In South Africa the progress of British colonization was checked by incessant troubles with the Boers, and continual efforts to protect the natives on their borders without undertaking any definite responsibilities of government.⁹⁹ In Bechuanaland a protectorate was declared in 1884 and in 1885 British Bechuanaland was finally annexed, the government having at last been converted to Lord Derby's view that you cannot permanently protect the natives from Boer incursions except by occupying the country and holding it with a British garrison.¹⁰⁰ The next three years were full of rival efforts to establish claims to the tracts of land and mineral rights in the lands about the South African Republic and the Orange Free State. The Exploring Company of Mashonaland, the Gold Fields of South Africa Company, the Central Search Association, and the United Concessions Company were all formed in 1888, and were all more or less under the control of the little group of which Cecil Rhodes, the Cape Premier, was the leading spirit. In the following year the four companies were combined in the British South Africa Company, and in August Baron Henry de Worms announced the Government's decision to 'grant a charter to a company which has been incorporated for the purposes of trade and colonization in the territories north of British Bechuanaland and of the South African Republic. The terms of the charter have not yet been settled. They proceed generally on the lines of the Niger and Imperial East Africa

⁹³ *Hansard* (3rd Ser.), ccxlv, 1642.

⁹⁵ *Ibid.* 743; Fitzmaurice, *op. cit.* ii, 351.

⁹⁶ Scott Keltie, *The Partition of Africa*, 429, 449.

⁹⁷ *Hansard* (3rd Ser.), ccxlviii, 756-7.

⁹⁸ *Ibid.* ccxlvii, 743, etc.

⁹⁴ *Ibid.* ccxlvii, 1352-3.

⁹⁹ Keltie, *Partition of Africa*, 402.

¹⁰⁰ *Hansard* (3rd Ser.), cclxvii, 827.

Companies' charters; but special provisions will be inserted for securing imperial supervision over the relations of the company with native tribes and neighbouring foreign powers. Her Majesty's government are satisfied that the establishment of a powerful company of this kind affords the best prospect of peaceably opening up and developing the resources of those territories and of securing British interests concurrently with the advance of trade and civilization.¹

There have, of course, been later developments in the political division of Africa, but by 1892 its partition among the great powers had assumed the general aspect which it was to wear for the next thirteen years.

These and similar matters again raised the question of the appointment of a Ministry of Commerce, and the government of 1880-5, although reluctant to interfere with trade, was not unwilling to effect minor reforms in organization. The tendency was made manifest in the government Bill for the reform of the Bankruptcy Laws. These laws had long given dissatisfaction to the commercial community, and the prevalent depression made the matter the more pressing. In 1879 the bankers and merchants of London had presented a petition on the subject to Lord Beaconsfield, and a measure was a plank in the Conservative platform in 1880. Chamberlain introduced a government Bill in 1881,² but this was crowded out; it was reintroduced in the following year together with two private efforts. The most remarkable feature of Chamberlain's measure was the way in which it increased the power of the Board of Trade by bringing within its purview the bankruptcy jurisdiction hitherto vested in the judge in bankruptcy. Edward Stanhope, on behalf of the Opposition, gave notice of an amendment declaring that the House was not prepared to entrust such powers to a department. He contended that the functions of the Bankruptcy Court were largely judicial, and that the Board of Trade had had no experience in such duties, and by its constitution was 'singularly disqualified for discharging 'them.'³ The views of the Conservative private member were expressed by Edward Whitley, member for Liverpool, who thought that 'the House 'ought to watch very jealously any proposal in favour of a department of 'State being intrusted with the management of private affairs or private 'enterprises,' and that 'the more the right of persons to manage their own 'affairs was interfered with, the more gradually was the country being brought 'into a condition which all would deplore—a condition in which every branch 'of trade was managed by a department of the State.'⁴ In contrast to such individualistic argument Chamberlain enunciated his doctrine of 'the public interest.' Hitherto, he said, bankruptcy had been treated 'as if it were entirely a matter of private concern and had been allowed to become a scramble between the debtor and his creditors. A truer view was that it was an accident, a calamity involving the interests of the community as much as did an accident in a mine or a boiler explosion. In the case of accidents by sea and land—railway accidents, for instance—it was incumbent upon a government department to institute an inquiry, and the same

¹ *Hansard* (3rd Ser.), cccxl, 485. ² *Ibid.* cclx, 1056. ³ *Ibid.* cclxxvii, 842. ⁴ *Ibid.* 909.

course should be adopted in bankruptcies in order at once to protect the salvage and to diminish the number of wrecks.' ⁵

The Bill did not, however, take cognizance of the main tendency of the commercial life of the time—the growth and ramifications of the limited joint-stock company. The breaking of the West of England Bank in 1884 was the cause of some scandal, but the Board of Trade had no power to interfere with the liquidation. Such cases became unfortunately common in the next few years, and led to the amendment of the Act in 1890, though its principle remained unchanged. ⁶

In contrasting the amount of commercial legislation of Parliaments before and after 1886, it is necessary to remember that up to the middle of the 'eighties capital was not so widely distributed as at a later period. Thus in 1882 Chamberlain, in speaking of the neglect of commercial interests by the House of Commons, said that it 'arose chiefly from the fact that the 'commercial interest had no great political force at the back of it,' ⁷ a dictum which no longer held good when so many members of Parliament were concerned as directors of companies.

It is probably to the deep-seated depression of the early 'eighties that the growth of the organization of capital in the limited liability company is due. The breaking of firms long established, the half-time working of cotton mills and engineering shops, strikes and State regulations, all pointed to the need of greater staying power than had been demanded in days of prosperity, and the same lesson was taught by the rivalry of foreign processes and the consequent need of new and elaborate plant; and, while the owner of commercial undertakings sought fresh capital, the investor was glad to divide his risks. Even in trades such as brewing, where there was little foreign competition and no great change wrought by the introduction of new forms of power, this process of reorganization was at work to meet the threats of interference by the State. It spread among great firms and small. One page of the *Stock Exchange Year Book* describes how in 1886 a company with a capital of £400,000 was formed to work the breweries of Arnold & Co., of Wickwar, and of E. & B. Trimmer, of Gloucester, while lower down are particulars of the great firm of Arthur Guinness, Son & Co., formed into a company, with a capital of £5,000,000, in the same year. The number of joint-stock companies registered rose steadily.

This new organization of capital spread everywhere and manifested itself in a thousand forms and activities. In the Upper House grave law lords debated a proposal to hand what are now the functions of the Public Trustee to a limited liability company, so that, as Lord Hobhouse explained, we should have trustees competent, willing, not too busy to attend to trust business, who being paid would expect no thanks, and might suffer some loss without feeling that sense of cruel injustice which embitters the minds of trustees. ⁸

⁵ *Hansard* (3rd Ser.), cclxxvii, 816, etc.

⁶ *Ibid.* cccxii, 101.

⁷ *Ibid.* cclxxii, 1327.

⁸ *Ibid.* cccxviii, 1.

The formation of companies was governed by the Joint-Stock Companies Act of 1862,⁹ which secured publicity by making registration compulsory where the company consisted of twenty or more persons. Moreover, the company could touch no businesses other than those specified in its charter or memorandum of association without Parliamentary sanction.

Although this was modified in 1890 by the Companies (Memorandum of Association) Bill¹⁰ enabling alterations to be made, within certain limits, with the assent of the High Court,¹¹ the responsibility of directors was also increased. The Lords decided in the case of *Derry v. Peek* (1889) that under the existing law a director was not responsible for an erroneous statement unless it was also fraudulent. The result was the Directors' Liability Act¹² of 1890, which endeavoured to fasten responsibility on the director, and furthermore to make perilous the ways of the fraudulent promoter. The Bill was much altered during its progress, its rigour being considerably modified both in Grand Committee of the Commons and by the Lords. Meanwhile the organization of capital to meet diminishing profits caused through competition and hard times was being carried a step further by the formation of what are colloquially termed 'trusts.' In the strict sense of the word a 'trust' implied a combination of companies managed by a board of trustees, to whom the shareholders assigned their interests in exchange for trust certificates.¹³ By this system of pooling, which had its origin in America,¹⁴ economies were effected, supply was kept below demand and prices were regulated. The trust movement spread to Germany after the crisis of 1873 and took the form of 'kartels,' or sales associations, which were combinations of manufacturers for a limited period, whereby the sales and output of an industry either for a district or country were taken over by a joint-stock company and the profits divided among the members according to their allotments of output.¹⁵ The idea of the 'kartel' can be traced in England back to the 18th century,¹⁶ but trusts and combinations in this country were not only considered contrary to the *laissez-faire* doctrines so dear to the English politician but being in restraint of trade were repugnant to English law. The movement here took the form of amalgamations of the bigger interests in an industry in order to obtain control of the trade. As early as 1877 six Scotch whisky distillers successfully combined to maintain prices. The comparative failure of the United Alkali Company formed in 1884, and the Salt Union established in 1888, the earliest of the great industrial amalgamations in this country, was counterbalanced by the immense success of J. & P. Coats, cotton-thread manufacturers, in 1896.¹⁷ These amalgamations were followed by others, and led to several inter-

⁹ Stat. 25 & 26 Vict., cap. 89.

¹⁰ Stat. 53 & 54 Vict., cap. 63.

¹³ Macrosty, *The Trust Movement*, 1.

¹⁴ Combinations in restraint of trade were declared illegal in America by the Sherman Act of 1890.

¹⁵ Macrosty, *op. cit.* 11.

¹⁶ Hermann Levy, *Monopoly and Competition*, 110

¹⁷ Hobson, *Evolution of Modern Capitalism*, 207-8.

¹¹ *Hansard* (3rd Ser.), cccxlv, 430.

¹² Stat. 53 & 54 Vict., cap. 64.

national combinations. The earliest of these was the International Rail Syndicate of 1883, under which nearly all the rail-makers of Great Britain, Germany and Belgium combined for the purpose of controlling the trade. Business was to be divided in proportions based upon the trade of the previous three years. Britain was allotted 66 per cent., later reduced to 63½ per cent., Germany 27 per cent., later increased to 29 per cent., and Belgium 7 per cent., later increased to 7½ per cent. Prices were at once raised, but owing to disputes the pool was dissolved in 1886, when prices again fell.¹⁸ Another syndicate on the same lines was founded in 1904 with the addition of France and the United States, but it was shortly afterwards killed by the persistent competition of outsiders.¹⁹ Of a somewhat similar nature was the shipping combination which arose out of the conferences of shipowners in 1883-4. The ports of Hankow and Shanghai were served throughout the year by the steamships of the Peninsular and Oriental Steam Navigation Company, the French Messageries Maritimes, and other lines whose directors felt they had a right to carry the whole of the tea freight hitherto shared with tramps. The conference, comprising seven companies, including the Mogul Steamship Company, offered traders a rebate of 5 per cent. on the freight for six months on condition that no dealings were entered into with outside firms. The Mogul Company afterwards quarrelled with the conference and competed with its former friends till it forced the rate down from 60s. to 25s. the ton. It further challenged the legality of these combinations, and Lord Chancellor Halsbury, in giving judgment in the House of Lords against the Mogul Company in 1891, said: 'There are some contracts to which the law will not give effect; and, therefore, although the parties may enter into what, but for the element which the law condemns, would be perfect contracts, the law would not allow them to operate as contracts, notwithstanding that, in point of form, the parties have agreed. Some such contracts may be void on the ground of immorality; some on the ground that they are contrary to public policy; as, for example, in restraint of trade, and contracts so tainted the law will not lend its aid to enforce. It treats them as if they had not been made at all. But the more accurate use of the word "unlawful" which would bring the contract within the qualification which I have quoted from the judgment of the Exchequer Chamber—namely, as contrary to law—is not applicable to such contracts. It has never been held that a contract in restraint of trade is contrary to law in the sense that I have indicated. A judge in very early times expressed great indignation at such a contract; and Mr. Justice Compton undoubtedly did say (in a case where such an observation was wholly unnecessary to the decision, and therefore manifestly *obiter*) that the parties to a contract in restraint of trade would be indictable. I am unable to assent to that dictum. It is opposed to the whole current of authority; it was dissented from by Lord Campbell and Chief Justice Erle, and found no support when the case in which it was said came to the Exchequer Chamber, and it seems to me contrary to principle.'²⁰

As the trend towards combination in the great trades was increasing, so, too, was the jealousy with which the State regarded monopolies. The

¹⁸ Macrosty, *op. cit.* 63.

¹⁹ *Ibid.* 65.

²⁰ Macrosty, *op. cit.* 19, citing Report 1892 A.C. 25.

railway, water, and gas companies all owed their existence and their exclusive powers to Parliament, but the growth of their capital and the extent of their custom vastly exceeded anything that was originally contemplated, and the tendency was now to bring such companies under greater administrative control, and to provide in the last resort for the possibility of taking over their privileges by the public.

Of all the capitalistic concerns in the kingdom the railway system is the most highly developed. By 1880 it was already fully organized on a commercial basis, the lines being drawn to connect markets with the sources of supply, factories with ports. Internally the companies were becoming more powerful. As early as 1872 the increased number of amalgamations had led to the appointment of a Joint Committee of both Houses to consider their bearing on the public interest, and in 1886 Mundella, as President of the Board of Trade, refused to support the Midland Railway Bill unless a clause were inserted making amalgamation or agreement with any other company conditional on the consent of the Board of Trade.²¹ Competition, having been pushed to the limit of profit, had been replaced by combination. The first of the railway 'conventions,' or meetings of managing directors, was held about this time, and dealt with the rates and charges on the Anglo-Scottish railways. The position of the railways was further strengthened by the formation in 1889 of the Railway Association, devised in the first place by Sir Henry Oakley as a means of presenting the companies' cases in the Board of Trade inquiry into the classification of rates and maximum charges. The companies further showed a tendency to absorb all other means of transport, canals, docks and steamships, despite the opinion of the Commons that 'the amalgamations of canals with railway companies, or the 'giving to railway companies the control over the canals of this country, 'ought as far as possible to be discouraged.'²² The railways were not allowed all their own way, however, and in 1884 the Commons, backed by a joint committee, refused their sanction to the scheme for a Channel Tunnel.²³ Yet another defeat of the railway interest was achieved in the passing of the Act authorizing the formation of the Manchester Ship Canal. In 1883 there was practically no competition in the carrying trade of Lancashire,²⁴ and in the following year Houldsworth, member for Manchester, declared that of the charges incurred in carrying cotton goods from Manchester to Calcutta no less than 60 per cent. was spent in carrying them from Manchester and putting them on shipboard.²⁵ The enabling Act was passed in spite of much opposition in 1884, and was supplemented in 1886 by a measure freeing the canal from the prohibition always inserted in railway Bills of the payment of interest during construction, a provision strongly opposed by Lord Claud Hamilton,²⁶ ostensibly on the ground of the injury the canal would do to the estuary of the Mersey and the port of Liverpool.

²¹ *Hansard* (3rd Ser.), cccii, 1666-77; ccciii, 285.

²² *Cf. ibid.* cclxvii, 370.

²³ *Ibid.* cclxxxviii, 307-82.

²⁴ *Ibid.* cclxxvii, 686.

²⁵ *Ibid.* cclxxxix, 1378.

²⁶ *Ibid.* ccciii, 243.

Chamberlain's Bill on the subject of railway rates never got beyond its introduction, and in 1885 the various companies produced their own measures, all of which were rejected on the ground that the question was too important to be dealt with by private legislation,²⁷ and that, as Lord Henniker argued, the method of procedure by private Bills, with details settled by a committee, was too favourable to the railways as having the longer purse.²⁸ As it was evident that the Irish question was too pressing for the government to introduce any measure for English administrative reform, Chamberlain proposed that the whole matter should be referred to the Railway Commissioners, strengthened by the addition of two representatives each of the traders and of the companies as well as by one or two independent persons of recognized authority.²⁹ The status of the Railway Commissioners was further improved by the Railway and Canal Traffic Act of 1888, which gave them permanence and placed them under the presidency of a judge of the High Court.³⁰ This Act further increased the power of the Board of Trade by placing it even more definitely than before in the position of intermediary between the railway companies and the traders. The companies were required to submit a revised classification of goods together with a revised schedule of maximum charges to the Board by February 1889 and were further prohibited from granting differential rates in respect of foreign merchandise.³¹ Early in 1889 the Board proceeded to hold an inquiry into the bearing of the classification and charges on commerce and followed this by the promulgation of an official scheme for nine companies embodied in Provisional Orders. These Provisional Orders were given Parliamentary sanction in 1891, and in the following year like treatment was accorded to twenty-six other companies.³² The State was awakening to a sense of 'the general interest,' and of its duty both to interfere and to control.

The Act of 1888 was remarkable in that it introduced the principle of 'the general interest' as a modifying factor in the relations between the railways and the trading community. This consideration had been mooted as long before as 1880, when Chamberlain agreed that it was not desirable that the North British Railway should press through the Tay Bridge Reconstruction Bill without some representation of the general public on the Private Bill Committee.³³ The section of the Railway and Canal Traffic Bill which recognized the 'public interest'³⁴ as being involved in railway rating was, however, worded too vaguely to have any practical effect, and it must be regarded mainly as an outcome of the rising sense of the unity of the commonwealth and an assertion of the right of the State to control.

²⁷ *Hansard* (3rd Ser.), ccciii, 219.

²⁸ *Ibid.* ccxcv, 409-10. *Cf. ibid.* 1070. It was estimated that the proceedings before the Committee cost the opponents and promoters of the Manchester Ship Canal £150,000.

²⁹ *Ibid.* 1070.

³⁰ *Ibid.* ccciii, 565.

³¹ *Ibid.* 567, 570.

³² *Cf.* the regulation in respect of continuous brakes.

³³ *Hansard* (3rd Ser.), ccliii, 1888.

³⁴ Considerations of 'public safety' led to the Parliamentary agitation which in 1889 culminated in the clauses of the Regulation of Railways Act compelling the companies to adopt a system of continuous brakes.

and interfere. In the face of examples of the working of monopoly such as were presented by the railway companies it was natural that the government should consider restraints when granting peculiar powers to the purveyors of electric light. To Chamberlain, deep in the municipal undertakings of Birmingham, the end to be attained was clearly public control. There were involved, as he pointed out, two questions: as to whether it was justifiable to raise public money in competition with private capital, raised or not raised by Act of Parliament, and whether such power should be permitted without the consent of the ratepayers.³⁵ As for the first of these considerations the principle that municipalities could construct and own reproductive works had been accepted already by the Tramways Act of 1870, though at this time the government expressly excluded management from the powers of corporations. Such limitation was bound to prove irksome to the more advanced bodies, and in 1891 the Corporation of Huddersfield succeeded in obtaining Parliamentary permission to work their tramways, should it prove impossible to obtain reasonable terms from a lessee.³⁶ The local Improvement Acts of the period show a uniform growth in the municipalities both of the sense of responsibility and of business organization, with the result that in 1892 Standing Orders were so amended that the Private Bill Committee was empowered to insert management clauses into any Bill under their care. Similar progress is observable in respect of the building, ownership and management of dwellings for the working classes, the provision of baths and washhouses and innumerable other activities involving practical organization. Such a development was, of course, entirely alien to the spirit of the older liberalism. Cobden had pronounced against municipal trading.³⁷ Gladstone thought it undesirable, and the views of the average householder were probably expressed by Lubbock, who considered that the municipalities had already enough to do, that such undertakings would increase municipal debt, would involve municipalities in labour disputes, would slacken the attention of officials to economy and would check the progress of invention and discovery.³⁸

The increase of the functions of local government and the administration of the resulting Acts were the cause of the most serious features of the public finance of the period. The indebtedness of local authorities had increased from £192,000,000 in 1887-8 to £215,000,000 in 1892-3 for England and Wales alone.³⁹ The loans were obtained from two sources, the State and private investors. For many years past the State had contributed towards the development of India and Ireland by its loans for 'reproductive works,' and in 1888 English loans were put on a similar footing by means of the Public Works (Loans) Act,⁴⁰ as a direct result of the Act for the housing

³⁵ *Hansard* (3rd Ser.), colxxii, 574. As to the questions involved in municipal trading see Dicey, *Law and Opinion in England*, 283 *et seq.*

³⁶ *Loc. Act* 53 & 54 Vict., cap. 55.

³⁷ See Avebury, *On Municipal and National Trading*, p. 4. Cf. on the other side Shaw, *The Common Sense of Municipal Trading*, 1904.

³⁸ *Stat. Abstract for U.K.*, 1896, p. 40, and 1906, p. 48. ³⁹ Avebury, *op. cit.*

⁴⁰ 51 & 52 Vict., cap. 39.

of the working classes. Command of such funds opened up possibilities of trading to the lesser corporations, for the great cities had already devised a way for themselves. Largely under the influence of Chamberlain the corporation of Birmingham had issued the first Borough Stock in 1880, and the plan was adopted by Liverpool in the same year. The idea was not welcomed by 'the city,' but was the inevitable result of the growing tendency to see in municipal government an organized business concern.

How much this tendency towards State regulation of the great industrial interests of the country was due to the personal qualities of Chamberlain rather than conviction may perhaps be gathered from the attitude of the governments of this time towards agriculture. The lack of administrative arrangements for the care of agricultural interests had become a scandal. While the United States, our principal rivals in agricultural products, were issuing monthly reports from their commission on agriculture giving information to their farmers about 'crops, cultivation, machinery, manures and 'other things,'⁴¹ with a view to their export trade, we had little material of a like nature, and what existed was collected almost entirely from a political standpoint. Major Nolan, member for County Galway, related that when making inquiries about seed potatoes he had been referred from one department to another, from the Board of Trade to the Vice-President of the Council, till at last it had been decided, after a consultation, that the Chief Secretary for Ireland had more to do with potatoes than anyone else.⁴² As another member put it: 'If one wanted to get any information about the diseases of cattle he was referred to the minister who looked after art and science, education and religion; if one wished to hear something about agricultural statistics or corn returns he was referred to the minister whose main duty it was to look after railways and ships; while the President of the Local Government Board, to whom they looked for information with regard to public highways, roads and bridges, had for his main duty to look after paupers.'⁴³ There was equal dissatisfaction with the administration of the technical side of the department. Chamberlain described how 'he had only been in office a very few days when he received a copy of a return issued by the Department of the Board of Trade to the farmers . . . not filled up. The writer declined absolutely to furnish any information either to the Board of Trade or to anyone connected with it so long as they knew as little of practical agriculture as a pig did of watchmaking.'⁴⁴

The cry for the reorganization of the administrative arrangements led to a motion by Sampson Lloyd in the House of Commons in 1879 calling for the establishment of a separate department for dealing with questions of trade and agriculture. Though the resolution had obtained a majority of twenty,⁴⁵ the new government were disinclined to act. 'I hope,' Gladstone said, 'it will not be supposed that it is from any want of appreciation or exertion on our part that we have not made any progress on this subject. The proposition has to be considered with reference to its comparative merits in regard to other questions. We have not been able

⁴¹ R. H. Paget in *Hansard* (3rd Ser.), cclxi, 455.

⁴² *Ibid.* 442.

⁴⁴ *Ibid.* 469.

⁴³ *Ibid.* 472.

⁴⁵ *Ibid.* ccxlv, 1955.

to give such attention to the subject or to arrive at any such plan as would justify me in holding out any sanguine expectation with respect to it.' ⁴⁶ This statement should, however, be compared with the Premier's description of the Royal Commission on Agriculture: he said, 'This commission to inquire into the whole of the commercial system, the fruit of 30 years, was as gross a delusion as was ever practised on the minds of men,' ⁴⁷ 'because,' as he afterwards explained, 'it was to inquire into all manner of things with reference to agriculture.' It was, therefore, in accordance with his previous declarations that Gladstone opposed a motion for the establishment of a Board of Agriculture made by Sir Massey Lopes in 1881, ⁴⁸ from 'fear lest it should lead to expectations in connexion with his motion, which expectations, if they presume that any great and rapid improvement will be brought about by any administrative change we could make, would soon be turned to bitter disappointment.' ⁴⁹ But so strongly was the general opinion of the House in favour of the motion that Gladstone had to agree 'that a Department of State shall be created to take up and meet any demand which may arise in connection with commerce and agriculture,' ⁵⁰ though he declared that he could not have consented to the responsible minister holding Cabinet rank. Nothing more was done in the matter until April 1883, when, under pressure of the serious outbreaks of cattle disease, the Prime Minister announced that an Order of Council has been sanctioned to the effect that certain members of the Privy Council, being members of the government, had been appointed a Committee of Council for the consideration of all matters relating to agriculture. The head of the committee would be the Lord President of the Council, and in his absence the proceedings of the committee should be presided over by the Chancellor of the Duchy of Lancaster. ⁵¹ The committee seems to have worked much on the lines advocated by Lord Kimberley, then Colonial Secretary, who declared that 'agriculturists must look to their own exertions and not to the government for improvement in their conditions,' ⁵² and this may account for Heneage's experience that for three years at least it never met, and 'when it was called together the cabinet ministers always found that they had something else to do, and it was only the other ministers who came.' ⁵³ The farming interest remained dissatisfied. ⁵⁴

'Having regard,' said the First Lord of the Treasury in June 1889, 'to the present condition of affairs, the competition which exists in agricultural districts, the reduction of prices during the last few years, resulting perhaps in a greater dislocation of employment in the agricultural industry than in any other industry, and having regard also to the fact that in many parts of the country land has been allowed to go out of cultivation, and that those who had been dependent upon it as owners and cultivators and employers have suffered most severely, we cannot but admit that there

⁴⁶ *Hansard* (3rd Ser.), cclix, 1229-30.

⁴⁷ *Ibid.* cclii, 1595-9. The speech was made on 27 February 1880 to the electors of Marylebone.

⁴⁸ *Ibid.* 450.

⁴⁹ *Ibid.* 451.

⁵¹ *Ibid.* cclxxviii, 1165-6.

⁴⁸ *Ibid.* cclxi, 438.

⁵² *Ibid.* cccxxxviii, 80.

⁵³ *Ibid.* cccxxxvi, 1776.

⁵⁴ *Ibid.* cccxxxviii, 80.

exists very considerable ground for the demand made on behalf of the agricultural classes for the constitution of a Department which should make the interests of agriculture its special and peculiar charge.' ⁵⁵ When announcing his scheme to form a Board of Agriculture, Lord Salisbury declared the intention of the government 'to give a pledge to the farmers 'that we regard agriculture as one of the most important interests of the 'country, and as being worthy of as much solicitude on the part of the government as are the interests of trade.' ⁵⁶

The Liberal party had little sympathy for agriculture, and it was from a purely political standpoint that the government of 1880-5 viewed agriculture. To some of its most distinguished adherents, indeed, politics seemed so overpowering that they traced the prevalent depression to Lord Beaconsfield's policy. Another large section of opinion, expressed by such men as Arthur Arnold, ⁵⁷ traced disaster to the Land Laws—to entail, copyhold, leasehold, ground rents and the sporting rights of the landlord. These views were not, however, generally held by the farmers, who formed the majority of the county electors. The result was that in 1880 but fifty-four Liberals were returned for the counties as against 118 Conservatives; of these fifty-four but five were returned by constituencies south of the Tees and north of Cornwall. An endeavour to conciliate the farmers merely took the form of a Ground Game Act, whereby every occupier was empowered to kill ground game on his land, the great advantage of which, according to Sir William Harcourt, was that it enabled the tenant 'to get rid of the 'gamekeeper' of his landlord. ⁴⁸

On the other hand, the Report of the Royal Commission on Depression in Agriculture—the 'Richmond Commission'—which was made in 1882, ascribed the prevalent distress to bad seasons and foreign competition. The cry of 'Fair Trade' was raised by the Farmers' Union all over the countryside, and, gaining strength as the Parliament gained age, caused Liberal organizers considerable alarm. In the curiously divided state of politics in 1884 every vote became of importance, and the formation of an active 'fair trade' party among the Conservatives would have led to great embarrassment. Though 'one wing of the cabinet hung back' from drastic Parliamentary reform, ⁵⁹ yet 'Gladstone himself, reading the 'signs in the political skies, felt that the hour had struck; the cabinet followed, and the Bill was framed.' ⁶⁰ Gladstone introduced his Bill for 'the Representation of the People' on 28 February 1884, and dwelt upon his changes in the county franchise as 'the main, the most operative and 'the most extensive, perhaps . . . the most beneficial change that is proposed.' ⁶¹ The Premier's scheme reduced 'the figure of the rating franchise of '1867 from £12 rateable value to £10 clear yearly value,' and introduced the four occupation franchises of the boroughs into the counties, the result of

⁵⁵ *Hansard* (3rd Ser.), cccxxvi, 1768-9.

⁵⁶ *Ibid.* cccxxviii, 73, 83.

⁵⁷ See his work entitled *Free Land*.

⁶¹ *Hansard* (3rd Ser.), colxxxv, 114.

⁵⁸ *Hansard* (3rd Ser.), cccxlv, 1926.

⁵⁹ Morley, *Life of Gladstone*, iii, 125.

⁶⁰ *Ibid.*

these changes being the enfranchisement of the artisan and the agricultural labourer. The number of householders admitted under the £10 franchise in 1867 was reckoned at 900,000, and Goschen pointed out that, 'if you put the addition of 1867 and the proposed new addition together, the new constituency emancipated by these two Bills will be larger than the whole constituency which existed before 1866—that is to say, that since 1866, by these two Bills, we shall have taken the power from the classes that previously enjoyed it and placed it in the hands of an absolute majority who were not in the enjoyment of it before.'⁶²

The change wrought by the Reform of 1884 was hardly on the lines anticipated by the government; for, although organization was lacking and individual members such as Joseph Arch were comparatively powerless, yet the widening of the franchise bore fruit in regulative measures which could be introduced at that time only by a Conservative government without serious violence to party traditions.

An earlier Conservative measure for the improvement in the system of land tenures and transfer with the view of enlarging the class of small farmers, was mainly due to the efforts of Lord Cairns, Lord Chancellor during the Conservative administrations of 1868 and 1874. Under the Improvement of Land Act of 1864⁶³ a tenant for life was empowered to raise money on entailed estates in order to effect improvements, without the consent of the reversioner. Land Improvement Companies were established with Parliamentary powers for this purpose. Owing to the resentment felt by landowners at the supervision of their private affairs which this Act necessitated, the Settled Land Act of 1882⁶⁴ was passed whereby tenants for life of entailed estates were given power to sell land other than the demesnes in order to clear the estate of encumbrances and effect improvements. These Acts and the Land Transfer Act of 1875⁶⁵ for the registration of titles, established the principle that it was better for the community that land should be easily acquired by those who could do justice to it than that the body of landed magnates should be perpetuated.⁶⁶ Encouragement was further given to the agricultural classes by the development of permissive into compulsory action in regard to agricultural compensation and the provision of allotments and small holdings. Steps were already being taken also towards the establishment of a system of agricultural co-operation by the formation of the Agricultural Organization Society.⁶⁷ That the Liberal party, however, continued to regard the cereal farmers' position as hopeless may be gathered from Gladstone's speech to his tenants at Hawarden in January 1882, in which he pointed out that the working man needed vegetables, meat and milk as well as bread. How fully his advice was taken

⁶² *Hansard* (3rd Ser.), cclxxxv, 422.

⁶³ Stat. 27 & 28 Vict., cap. 114.

⁶⁴ Stat. 45 & 46 Vict., cap. 38.

⁶⁵ Stat. 25 & 26 Vict., cap. 25.

⁶⁶ G. Shaw Lefevre, *Agrarian Tenures*, 36-47.

⁶⁷ See Pratt, *Co-operation at Home and Abroad*, 102 et seq.; *Agricul. Organisation*, 88; P. Anderson Graham, *The Revival of English Agric.* 77. Recognition of the Agricultural Organization Society was recently made by a grant from the Development Fund.

is shown by the great decrease in the area under wheat cultivation.⁶⁸ It was acknowledged that the decline was due to the heavy fall in the price of wheat, attributable to the settlement of new lands in America and elsewhere, and the increased facilities of transport by the extensions of the railway systems in such new countries.

But even if the farmer accepted Gladstone's advice and left wheat-growing to the foreign producer he was faced by serious competition. The invention of substitutes for butter and cheese had a serious effect on dairy farming in both England and Ireland until the passing of the Margarine Act made the fraudulent sale of such compounds a penal offence. The various measures regulating the importation of foreign cattle also gave some measure of protection to the farmer, though the government only consented to act when public opinion had become overwhelmingly strong as the result of undeniable cases of infection from abroad.⁶⁹

It will be remarked that legislation in both these cases was primarily in the interest of the consumer and not of the producer and that care was taken to avoid any fostering of industry as such.

The State, which had refused to interfere in the regulation and control of trade, was equally chary of exercising its powers towards labour. Lord Wemyss, a typical Liberal of the old school, speaking in 1890, told how he and his friends looked for salvation to the liberty of adult men to contract for their labour as they liked, seeing that 'the only duty of the State is 'negative.'⁷⁰ With this may be contrasted Lord Salisbury's answer to the charge of 'Socialism,' which as he defined it meant 'for the State to do that 'which is usually done by private people for the sake of gain.'⁷¹ 'New dangers,' he said, 'have arisen in consequence of the development of and the concentration of our industries, which the State has always acknowledged its bounden duty to meet, and consequently we have had new measures to take to prevent them. But that has nothing on earth to do with Socialism.'⁷² While in 1880 organization to meet these changing conditions was still mainly permissive, by 1892 the principle of State interference in the conditions of industry had become clearly established.

As long, therefore, as the State retained the theory of non-intervention labour was free to organize itself as it would, provided that it avoided conflict with the law. By 1880 the legal status of trade unions was already recognized, but their policy was not fixed, and very large numbers of workers still remained outside. The existence of this great mass of unorganized and inarticulate labour was especially important in a time of acute depression such as swamped the years 1880-6. Speaking in November 1884 Lord Dunraven described how 'at Sunderland there were, it was said, 11,000 men out of work, at Glasgow over 4,000, on the Tyne and Wear about 25,000, at Jarrow hundreds of families were on the point of

⁶⁸ See Chaplin's speech in June 1890 (*Hansard* [3rd Ser.], cccxlv, 318) and Statistical Tables, vol. ii, Nos. 74, 77, 80, 83, 96.

⁶⁹ See *Hansard* (3rd Ser.), cclvii, 1506; cclix, 1662; cclxxxiv, 223.

⁷⁰ *Ibid.* cccxlv, 1225.

⁷¹ *Ibid.* 1239.

⁷² *Ibid.* 1241.

starvation, and in Glamorganshire and Monmouthshire trade was bad, and it was feared that in a very short time 10,000 men would be out of work in that district. About 60,000 men were employed on an average in the London docks; of that number one-third was out of work and one-third working four days a week only.' The unemployment statistics did not reveal the depth of the evil, for in Staffordshire, Lancashire and other great industrial centres the masters preferred to put their men on short time rather than to give them their discharge. Furthermore, 'the wages of those 'at work had been generally reduced,' with the result that in all 'some '200,000 or 250,000 human beings depending upon our main industries for employment were deprived of the means of subsistence.'⁷³ These figures were not denied, and it was generally admitted that the distress was more than local in character. This being so, any scheme of migration was useless. That remedy, as Lord Derby had shown, had been tried in the 'seventies, but with no great success, as the men sent north from the East End of London for the most part 'did not like the new conditions of life which 'were offered and preferred the distress with which they were familiar.'⁷⁴

For a time Parliament looked to emigration to stay the evil, though advocacy of this remedy was not general until 1883-4. In 1880 the question of emigration chiefly concerned Ireland, then suffering acutely from the failure of the potato harvest. In that year in the four months from January to April no less than 34,046 persons emigrated from Ireland, a number almost treble that of the corresponding period in the preceding year.⁷⁵ The arrangements for emigration were largely made under the auspices of private committees such as that controlled by Mr. Tuke, but a system of public grants in aid was already in force, this being afterwards further developed and supplemented in 1882 by the institution of Emigration Boards. The scheme was opposed by many Home Rulers on the ground that it encouraged 'the exportation of the wealth-producing machine,'⁷⁶ but was generally endorsed by the Conservatives, while all the information collected 'only 'confirmed the Irish government in their belief that they were right in 'assisting people to emigrate who were unable to live in comfort in Ireland.'⁷⁷

By 1883 the principle of State-aided emigration was established for Ireland, but England stood without its range, and when Rankin moved a resolution, 'That a judicious system of State-aided emigration to our own 'colonies is both just and politic,' the House was counted out straightway.⁷⁸ In the Lords the question was discussed on a motion of Lord Carnarvon on 20 March 1884.⁷⁹ Lord Derby, speaking for the government, considered that 'private enterprise' should be able to do everything needed, that 'local 'distress and local difficulties require local rather than general treatment,' and that, while the employment of Imperial funds for the benefit of the colonies was unobjectionable, yet that no case had been made out for the

⁷³ *Hansard* (3rd Ser.), cccxciii, 1047.

⁷⁴ *Ibid.* cclxxxvi, 987.

⁷⁵ *Ibid.* cclv, 612.

⁷⁶ *Ibid.* cclxi, 658.

⁷⁷ *Ibid.* cclxxvi, 303.

⁷⁸ *Ibid.* cclxxix, 1809.

⁷⁹ *Ibid.* cclxxxvi, 987.

existence of such conditions as would justify State action. The question was taken up by various non-official bodies, and in 1885 the government was induced to make 'arrangements for the establishment of an Emigrants' Information Bureau in connexion with the Colonial Office, where intending emigrants might obtain full and trustworthy information as to the state of the labour market in the various colonies and other particulars' to enable them to choose which colony they thought most suitable.⁸⁰

As industrial depression was driving English working men abroad, so surely was it attracting the Russian or German Jew, ready to take small pay and ready to work under conditions intolerable to the native-born. The inquiries into the social condition of the English poor instituted in 1884-6 led to the revelation of unsuspected corners of life and industry, and perhaps no detail shocked the conscience of the middle classes more than did the description of the sweating system. It is curious to see the complaisancy with which Stuart-Wortley, Conservative Under-Secretary for Home Affairs, answered a question on the subject, put to him in April 1887 by Esslemont, member for Aberdeen.⁸¹ 'I understand,' he said, 'the hon. gentleman's question to relate to the alleged employment in tailoring work for excessive hours and inadequate wages, and under insanitary conditions, of Jewish and other foreigners in the east of London and in some large towns. The Secretary of State has been advised by the Chief Inspector of Factories that the grounds for these allegations and the causes and extent of such breaches or evasions of the Factory Act as do take place are so well ascertained that no advantage would be gained by any special inquiry. Prosecutions for breaches of the Factory Act have been instituted whenever sufficient evidence was obtained; and I have directed that the vigilance of the Inspectors shall be in no way relaxed.' The Lords, however, took no such comfortable view, and in 1889 they appointed a Select Committee to inquire into the question.⁸² The recommendations of the committee were to a certain extent embodied in the Factory and Workshops Amendment Bill introduced by the labour representatives in 1890, but, as the Bill 'contained clauses to which the 'government could not assent,' the measure did not get beyond the first reading.⁸³ Cuninghame Graham, member for N.-W. Lanark, then asked for facilities for a debate, but this the government refused on the ground that it was their wish to deal with the question of factory legislation and to introduce some of the committee's recommendations into their measure.⁸⁴ In the Upper House Lord Dunraven moved a resolution that 'legislation with 'a view to the amelioration of the condition of the people suffering under 'that system is urgently needed.' The motion was debated for two June evenings and eventually withdrawn.⁸⁵ For the present no legislative action was taken, though a strong feeling of indignation was aroused.

The matter did, however, result in a development of departmental organization. The Sweating Committee had found that 'certain trades 'are affected by the presence of poor foreigners, for the most part Russian and

⁸⁰ *Hansard* (3rd Ser.), ccciv, 734.

⁸¹ *Ibid.* cccxiv, 13, 14.

⁸² *Ibid.* ccxxxiii, 252.

⁸³ W. H. Smith in *ibid.* cccxiv, 461.

⁸⁴ *Ibid.* 1286.

⁸⁵ *Ibid.* cccxiv, 283-317, 441-84.

'Polish Jews,' but it had also been struck by the lack of statistical information as to their numbers and provenance. As a result of the inquiry Sir Michael Hicks-Beach, the Home Secretary, in 1890 took steps to procure such information under the powers given by the Alien Act.⁸⁶ The anti-Semitic action of the Russian government at this time roused a fear lest there should be 'a pauper invasion of this country, to the serious detriment of our working 'classes.'⁸⁷ It is noticeable, however, that the only occasion in 1890 on which the labour members spoke on sweating was in connection with a government contract for building in Manchester,⁸⁸ the builders, unlike the tailors of the lower sort, being highly organized workmen.

The labour leaders, and especially the younger men, found in this absence of organization the cause of the distress, for hitherto little had been done by way of combination among the unskilled. Mrs. Annie Besant in 1888 induced the match girls to combine and force better conditions from their employers. In the same year the Gas Workers and General Labourers' Union was formed. But the most important step in the organization of labour at this time was the formation of the Dock, Wharf, Riverside and General Labourers' Union, which brought together all the unskilled and casual labour employed in and about the docks of the Port of London. The substitution of steam for sailing ships had changed the employment of riverside labour. Steamers, unlike sailing ships, were not restricted to the seasons in their voyages and their increased cost necessitated the accomplishment of their voyage with as much speed as possible; consequently the processes of loading and unloading had frequently to be performed under great pressure. The loading, which is semi-skilled work, was undertaken by stevedores, an organized body of men employed by the shipowners, while the unloading was done by unskilled and unorganized labourers engaged by the dock companies. The majority of the latter were, by reason of the irregularity of their work, merely 'casuals,' who, owing to the class from whom they were drawn and the competition for the work, were subject to a low rate of wages. The organization of such a body of men was a masterpiece of leadership, the credit of which must be given to John Burns, who was assisted by Ben Tillett and Tom Mann. The grievances of the labourers were reduced to written demands for a uniform pay of 6d. an hour, with a minimum half-day's pay of 2s. and the abolition of the contract system. On the refusal of these demands by the dock companies a strike was started in August 1889, and after lasting four weeks the men practically gained all they had asked for.⁸⁹ The effect of the strike was very far-reaching. It compelled the dock companies to put a stop to their ruinous competition in rates. It brought skilled and organized labour to the aid of the unskilled and unorganized workers and the militant Socialist into sympathy with the trade unions, thus making possible 'the new unionism.' But, above all, it

⁸⁶ *Hansard* (3rd Ser.), cccxlv, 1107.

⁸⁷ *Ibid.* cccxlvii, 71, 1526.

⁸⁸ *Ibid.* cccxlv, 1565.

⁸⁹ See Smith and Nash, *Story of the Dockers' Strike*; Charles Booth's presidential address, *Journal of the Statistical Soc.* 1893.

gave rise to a remarkable labour movement and greatly increased the men's faith in combination. It has been reckoned that in the year 1889-90 no less than 200,000 unskilled workmen entered trades unions, and the stimulus was felt in trades already organized, the membership of the Miners' Federation, for instance, rising from 36,000 to 200,000, while that of the National Society of Boot and Shoe Operatives increased from 11,000 to 30,000 men.⁹⁰

The combination for bargaining purposes of all classes of workers necessarily resulted in a like movement among the employers. Such associations were, of course, entirely voluntary, and were rarely mentioned in Parliament. In 1887, however, Charles Bradlaugh drew attention to the Mineral Water Bottle Exchange Society, the members of which 'agreed not to re-engage for two years any servant who had left the employment of any member except with the consent of the late employer.' The workers contended that the agreement was an unreasonable restraint of trade, and this view was held by Mr. Justice Chitty, before whom the case was tried in July of this year.⁹¹ But though the workers might find the conditions imposed by the Employers' Associations harsh, especially in the case of the less important trades, the combinations have done much to facilitate collective negotiating and bargaining.

The serious strikes that marked the short spell of industrial prosperity of 1886-90 led to the request for State intervention from the outside public. In 1888 Howard Vincent, on the ground of the injury to British industry, asked the government to consider 'the creation of a mobile Court of Trade Arbitration commanding the confidence of employers and employed, and maintained by fees.' The President of the Board of Trade in his reply said that he did not think that such a course was possible, and was not aware that either party 'desired to substitute such a court for the present system of voluntary arbitration.'⁹² In the following year the Arbitration Act⁹³ gave further powers to arbitrators appointed by the Court, who were authorized to compel the attendance of witnesses. In May 1890 Bradlaugh called attention to the possibilities of establishing Councils of Conciliation under the Acts of 1867 and 1872, as amending the Act of 1824.⁹⁴ Sir Michael Hicks-Beach replied that 'no use was made of the Act of George IV, and its existence seems to have been forgotten. When it was enacted the necessary organizations for its successful working did not exist, and its compulsory features and penalties were alike distasteful to employer and employed. . . . People prefer to manage their own affairs in their own way.'⁹⁵ In the following year he described the suggestion that the Board of Trade should set up a Board of Conciliation, and should have some kind of initiative to compel the two parties to a strike to agree, as 'nothing more or less than a chimera.'⁹⁶ The warring interests were still regarded as

⁹⁰ Webb, *op. cit.*, 393.

⁹¹ *Hansard* (3rd Ser.), cccxviii, 1350.

⁹² Stat. 52 & 53 Vict., cap. 49.

⁹³ Stat. 30 & 31 Vict., cap. 105; 35 & 36 Vict., cap. 46, as amending 5 Geo. IV, cap. 96.

⁹⁴ *Hansard* (3rd Ser.), cccxlii, 1399.

⁹⁵ *Ibid.* cccxviii, 45.

⁹⁶ *Ibid.* cccxlix, 987.

merely sectional and as having no direct bearing on the prosperity of the nation as a whole.

It is one of the curiosities of history to see the way in which organized labour responded to Liberal offers based on economic individualism. It was obvious that for the workman self-help must in most cases be collective, and that the essence of such association lay in the sacrifice by its units of individual bargaining. In spite of this contention, however, the labour members of Parliament, until 1886, were almost entirely Liberal in sympathy, but from this time a growing demand for State intervention in the regulating of industrial conditions, together with the momentary eclipse of their Liberal allies, tended towards the formation of a distinct labour party; though this was not actually organized until 1894.

In 1880 the policy of trade unionism, as expressed by the Parliamentary Committee of the Congress, had been to secure the abolition of all exceptional legislation affecting working men and their organizations. In this aim they were encouraged by the Positivists. This alliance was 'modified' in 1881 and ceased in 1883, the split being brought about by the whole-hearted support given by the members of the Parliamentary Committee to Gladstone's policy of coercion for Ireland.⁹⁷ The Positivists saw in this exceptional legislation a precedent for possible attack on labour organizations, but so great was the faith of the Parliamentary Committee in Gladstone's personality that they refused to listen, and, as Crompton says, somewhat bitterly, preferred to be the tag-end of a party. The labour members—Alexander Macdonald, member for Stafford and president of the Miners' National Union, Thomas Burt, member for Morpeth and secretary of the Northumberland Miners' Association, and Henry Broadhurst, member for Stoke-upon-Trent and Parliamentary secretary to the trades of the United Kingdom, all good Liberals—were thus committed to the party policy of individualism and non-intervention, though no discussion of principles was permitted at the annual Trade Union Congress.

The Liberals had always prided themselves on their readiness to remove statutory disabilities, and they were thus ready to accept the claim of the working man to equality with other citizens. For some years past there had been a growing dissatisfaction with the working of the doctrine of 'common employment,' first set forth by the courts in the case of *Priestley v. Fowler* in 1837. According to this doctrine the taking of employment involved the acceptance of risk of injury in the course of that employ, and no claim for damage could be made by a servant against his master; by a natural extension it was held that similarly no compensation was recoverable for injuries done by a fellow-servant, since the servant was an agent for the master. Such a doctrine involved considerable hardship when applied to a highly organized industry such as railway service, and the unions had long been desirous of remedy. In 1880 an Employers' Liability Bill,⁹⁸

⁹⁷ See the note by H. Crompton, in Webb's *Hist. of Trade Unionism*, ii, 348.

⁹⁸ Howell, *Labour Legislation, Labour Movements, Labour Leaders*, 464; Dicey, *Law and Opinion in England*, 279.

identical in principle with that which Thomas Brassey, member for Hastings, had put forward in 1879, was introduced by the Liberal government as the result of pressure from the Parliamentary Committee. In effect the Bill was a compromise, in that it retained the doctrine of common employment but gave the workman compensation in case of injury caused by defective machinery, by delegated authority or in case of an act or omission in obedience to orders. These proposals came as a shock to large employers of labour and were warmly opposed in committee.⁹⁹

As first introduced the Bill was applicable only to those employed in manual labour,¹⁰⁰ though in committee Balfour, representing the policy of the Fourth Party, proposed, unsuccessfully, an amendment extending it to domestic servants, while in the report stage it was made applicable to railway operatives. On the motion of Lord Beaconsfield the duration of the Bill was fixed at two years of experiment, its life being renewed from year to year by the Expiring Laws Continuance Acts. Gorst declared that the advocates of the workmen understand it in one sense, the employers in another, the government understand it in a third sense, while yet a fourth interpretation would probably be put upon it by the Courts of Law¹—a view amply realized. The greatest difficulty arose over the permissive character of the Act, which had been framed in such a way as to allow of contracting out. Immediately after it came into force on 1 January 1881 a strike was declared on the London and North-Western railway, the servants of which preferred their own insurance fund, which had been established in 1871. Similar action by Lancashire mine-owners led to a stoppage of work for several weeks and smaller strikes occurred in other industries. Bills to disallow contracting out were introduced by Burt and Broadhurst in 1883² and by Arthur O'Connor in 1886;³ neither was successful. A government Bill was introduced in 1887 practically preventing all contracting out except in cases where the workman was protected by insurance against injury arising in the course of his employment. The labour members, however, objected vehemently to all insurance against liability under the Act, on the ground that the insurance companies took every claim into court and so involved the workman or his union in great expense;⁴ the measure was accordingly withdrawn. The whole matter was dealt with on somewhat different lines by the Workmen's Compensation Act of 1897.⁵

Although the trade unions congratulated themselves on their successful promotion of the Employers' Liability Act, they had to content themselves with this triumph; for, with the exception of Lord Stanhope's Shop Hours Act,⁶ hardly any other industrial legislation was achieved by this Parliament. But, while the labour leaders were content to take their part in the purely

⁹⁹ There was no debate on the second reading, the Bill being introduced in dummy, probably to allow of arrangements being made with certain capitalist members of the party.

¹⁰⁰ *Hansard* (3rd Ser.), cclv, 520.

Ibid. 1478-9.

² *Ibid.* cclxxx, 504.

³ *Ibid.* ccxii, 270.

Howell, *Labour Legislation, Labour Movements, and Labour Leaders*, 429.

⁵ Dicey, *Law and Opinion in England*, 282.

⁶ See below.

political activities of the time, many of the younger men of the unions were hailing a new gospel and looking for the time when capitalism would vanish and the State would own all the means of production, distribution and exchange.

The 'New Unionism' for the most part had derived its ideals from the Social Democratic Federation founded by W. H. Hyndman, Joseph Cowen and others in 1881, 'in opposition to the monstrous tyranny of Gladstone and his "Whigs" in Ireland and their equally abominable policy in Egypt, with the object also of bringing about democratic changes in England.'⁷ Though it retained its anti-Liberal character, its chief concern soon came to be the promotion of democracy, or rather of Socialism, being joined by working men such as John Burns and John Williams as well as by William Morris and his middle-class friends. The Positivists, however, gradually dropped away as the group became more wedded to the theories of Henry George, whose doctrine of economic rent Frederic Harrison denounced both in 1880 and 1883. Another exponent of middle-class Socialism was the Fabian Society, founded in the early 'eighties. This society had for its aim 'a reconstruction of society in accordance with the highest moral possibility,' but its energies were largely dissipated by controversies with other Socialist organizations.⁸

For some time past a divergence of policy had made itself felt within the trade unions; the builders and engineers had long favoured *laissez-faire*, while the miners and cotton operatives looked to State regulation for betterment. This was accentuated after 1886 by the rise to power in their unions of John Burns, Keir Hardie and Tom Mann, all animated by class antagonism and jealousy of the power of the Parliamentary Committee, in which the Liberals were supreme. This Committee, indeed, had no idea of conflict between class and class other than that of the Liberal manufacturer with the Tory squire; they could not accept the conception of the realm as divided into the camps of capital and labour, with absolutely divergent interests and no common ground between.⁹ The friction between the two sections developed into a series of scurrilous attacks, the leaders of the 'Old Gang,' Henry Broadhurst and his fellows, being accused of having been corrupted by the Liberals. The matter came to a head at the Trade Union Congress held at Dundee in 1889, when Broadhurst was able to give so convincing an answer to the charges of Keir Hardie and his followers as completely to discredit the Socialists.¹⁰

It was the Social Democrats' acceptance of the aid of violence that left London in panic after the Hyde Park riot of 1886. The blame for these disturbances must be attributed to the Socialists, who deliberately arranged

⁷ Hyndman, *Rec. of an Adventurous Life*, 246. The Social Democratic Federation was a copy of German 'Social Democracy'; Hyndman introduced into it the Marx doctrine.

⁸ Fabian Tract No. 41.

⁹ See Humphrey, *Hist. of Labour Representation*, 118.

¹⁰ *Hen. Broadhurst, His Life told by Himself*, 219-22.

a counter demonstration in order to break up a fair trade meeting in Trafalgar Square, as they regarded this as merely an exploitation of the distress in the East End by party politicians. At the time it was useless for the Socialist leaders to protest that it was not their followers who marched down Pall Mall, up St. James Street, and down Piccadilly to the Park, breaking a great many windows on the way.¹¹ The public alarm was increased by the slackness of the police control, which was such as to compel reorganization of the department. The riots, though of little consequence in themselves, had the effect of drawing the attention of the well-to-do to the sufferings of the unemployed. Furthermore, they strengthened the hands of the Conservatives, who had prepared a programme of social reform in contradistinction to Gladstone's purely political schemes.

Even Hyndman once had hope of Lord Beaconsfield's aid, and had found much in common with the Fourth Party.¹² The defection of the Liberal Unionists strengthened the tendency towards State interference, and the legislation of 1886-92 displays this new attitude towards labour.

Those interested in labour problems had for a long time been baulked in their researches by the absence of reliable statistics, and Bradlaugh, when visiting the United States in 1873 and 1876, had been much struck by the range and completeness of the American tables.¹³ In March 1886 he moved a resolution in favour of the establishment of a labour statistical department at the Board of Trade, and to this the House gave no opposition.¹⁴ Mundella further gratified the trade unions by giving the newly created post of Labour Correspondent to John Burnett,¹⁵ one of their own officials and a man of great experience in dealing with organized labour. The value of the information thus collected was not, however, at first appreciated by the men, and in 1887 only eighteen unions out of the 150 addressed took the trouble to reply to the form of inquiry.¹⁵ But the very fact of such an inquiry pointed to the end of the old period of indifference. Four days after Bradlaugh moved his resolution in the Commons Viscount Enfield brought the question of women inspectors to the notice of the Upper House. Lord Thurlow, in reply, quoted the opinion of the Chief Inspector of Factories 'that the duties . . . could not be discharged by a lady.' The hours are too long, 'sometimes from 6 or 8 a.m. to 8 or 10 p.m., there is exposure 'to weather, and the examination of machinery could not be carried out by 'women.'¹⁶ The Home Office held itself free to vary its decision, and the first of its now numerous women inspectors was appointed in 1881, while the staff of male inspectors was increased by seven during the Conservative administration.¹⁷

Especially interesting is the progress of opinion in regard to wages, for here interference could hardly be justified on the ground of health or safety. The promoters of the Payment of Wages in Public Houses Prohibition Bill

¹¹ Childers, *Life of Childers*, ii, 238-40.

¹⁴ *Ibid.* 197.

¹² See Hyndman, *Rec. of an Adventurous Life*.

¹⁵ *Ibid.* 200.

¹³ Bradlaugh, *Labour and Law*, 195.

¹⁶ *Hansard* (3rd Ser.), ccciii, 4, 5.

¹⁷ *Hen. Broadhurst*, etc., 135.

did, however, appeal to morals. The Bill was introduced into the Upper House for the third time in 1883 by Lord Stanhope,¹⁸ and sought to put an end to a practice common in the building trades. While Lord Rosebery did not go beyond thinking that the government should maintain benevolent neutrality on such questions,¹⁹ the Bill was warmly denounced by old-fashioned men such as Lord Bramwell, who resented the presumption of the Trades Union Congress in speaking for labour as a whole,²⁰ and by Lord Brabourne, on the ground that 'if they went on in the direction indicated 'by its provisions the end would be that all their liberties would be gone 'and that no one could make a bargain without being watched by a government inspector.'²¹

Neither health nor morals were called in to aid the passing of the Truck Act Amendment Bill introduced by Bradlaugh in 1886. The principle of the Act was, of course, already established, but it was now made applicable to trades previously excluded and extended to Ireland, while its machinery was improved. The Bill 'met with general acceptance in all quarters'²² of the Commons, and obtained its second reading in the Lords without debate, though in committee the Scottish peers inserted certain modifications to ward off possible injury to Highland industries.²³ At the same time as the State was legislating for the improvement of the conditions of labour it increased the power of the workmen's organizations. The Mines Regulation Act of 1887²⁴ enabled the men to elect a checkweigher who should keep tally of the coal wrought, and thus remove cause for the complaints of unfair payment to the men. The principle had been adopted from the Bill introduced by Arthur O'Connor in 1886,²⁵ and its acceptance involved 'a recognition and promotion of collective action.'²⁶

The question of the compulsory limitation of the hours of labour had long exercised the trade unions, and was brought into fresh prominence by the industrial depression of 1880-6, which was attributed in many quarters to over-production. As long as the Liberals were in power it was hopeless to ask directly for State interference in the hours of labour of adult men theoretically capable of freely entering or rejecting a contract. But even the theorists admitted that it was the duty of the State to protect those to whom such bargaining was impossible, and a whole legislative code already existed on the subject of child labour. Parliament was unwilling 'to weaken parental responsibility' by extending this special legislation, but in the early 'eighties an attempt at local remedies was made by the introduction of special clauses in various private Bills, such as those of the corporations of Manchester and Liverpool.²⁷ Women were recognized to stand in the same category as children, and the trade unions saw in this

¹⁸ *Hansard* (3rd Ser.), cclxviii, 1925.

¹⁹ *Ibid.* cclxviii, 1926.

²⁰ *Ibid.* cclxxvi, 1569.

²¹ *Ibid.* 1574.

²² Webb, *Hist. of Trade Unionism*, 291.

²⁷ *Hansard* (3rd Ser.), cclxvi, 1223, etc.; cclxx, 1580, etc.

²³ Lord Macnaghten in *ibid.* cccxviii, 1124.

²⁴ *Ibid.* 1515.

²⁵ Stat. 50 & 51 Vict., cap. 58, ss. 13, 14.

²⁶ *Hansard* (3rd Ser.), cccii, 1008.

acknowledgement a means of familiarizing public opinion with the idea of the State regulation of hours. They were further encouraged in their application of the principle to this unprotected labour by the desire to decrease as far as possible any competition between these lower-paid workers and their own members.

Perhaps owing to their independence the Lords throughout the period 1880-92 were especially given to the debate of social and industrial questions such as State insurance against sickness and old age, the treatment of railway servants, sweating and wages. Among the most active of the peers in this direction was Earl Stanhope, the promoter of the Shop Hours Regulation Bill. The scope of this Bill was confined to women and young persons as being 'not able to protect themselves by combination 'or other means,'²⁸ and was limited in application 'to warehouses and shops 'in which textile fabrics and articles of wearing apparel were sold.' It provided that on the analogy of the Factory Acts women and young persons between the ages of fourteen and eighteen should not work more than ten hours a day, though on application to the Home Secretary an extension might be granted on sixty days of the year.²⁹ The Duke of Somerset opposed the Bill on the ground that it would reduce employment and be 'heavily 'inconvenient.'³⁰ Lord Shaftesbury, the philanthropist, while 'he highly 'approved the principle and the object,' thought that the proposer had failed to show that the existing hours were excessive for grown-up women, while he further objected to the compulsory regulation of the shop hours as distinct from employment. Lord Rosebery was also despondent of the Bill's usefulness, and thought that 'it threatened to transmute the Home Office into a domestic office' by minute regulation and the system of a permissive extension of hours.³¹ The Bill failed to pass in 1882, but in 1886 it was taken up by the short-lived Liberal government on the ground that 'when life, health and morals are concerned Parliament had a right to 'interfere,'³² though at the same time it accepted Lord Beauchamp's amendment confining its term to the end of 1887, thereby emphasizing its experimental character.³³

In one direction alone did Parliament attempt to interfere with the hours of labour of grown men, and then it was on the score of the risk to public safety due to excessive overtime among railway servants. On this ground the Duke of St. Albans in 1877 introduced a Bill limiting their hours, but this 'was thrown out as likely to cause needless interference with railway 'companies, and because it would to a great extent reduce their responsibility.'³⁴ In 1883 Lord Sudeley, as representing the Board of Trade in the Lords, thought that 'when accidents happen and inquiries are made the 'publicity given by the inspectors to cases of overtime is far more efficacious 'on the company than any law on the subject could possibly be,' and as

²⁸ *Hansard* (3rd Ser.), cclxvi, 1819.

²⁹ *Ibid.* 1822.

³⁰ *Ibid.* 1824.

³¹ *Ibid.* 1825.

³² The Duke of Argyll in *ibid.* ccvii, 181.

³³ *Ibid.* ccvii, 182.

³⁴ *Ld. Sudeley in ibid.* cclxxi, 587.

'the policy of Parliament has always been to show that it thought it would be a dangerous precedent to interfere between the employer of adult labour and the employed as to the number of hours he was to work, they proposed merely to issue a circular on the subject to the railway companies.'³⁵ The question was again debated in 1888,³⁶ and in the following year Lord De La Warr succeeded in passing through the House a clause in the Regulation of Railways Act, which made a periodic return of overtime compulsory on all railways.³⁷ The frequent strikes of the next two years told on public opinion, and when in January 1891 Channing moved a resolution condemning excessive overtime as a 'grave social injustice' as well as 'a constant source of 'danger to the public,' the President of the Board of Trade promised to refer the matter to a Select Committee. The motion asked that the Board of Trade should obtain legislative power of interference, and Sir Michael Hicks-Beach commented on 'the remarkably unanimous and almost child-like confidence which the House had expressed in the Board of Trade.'³⁸ The returns, indeed, showed an amount of overtime 'extending far beyond 'any necessity'³⁹ such as might be caused by fog or seasonal traffic. In October 1890 he had warned the companies that they 'ought to take in hand 'for themselves the question of excessive overtime, that it would be much 'better dealt with by them than by Parliament, but that it would have to 'be dealt with by Parliament if they failed to do so.' Neither this speech nor a circular issued in November had had effect, and Sir Michael was forced to the conclusion that State interference was necessary.⁴⁰ Thus did the government expressly reserve to itself the right to interfere between employer and employed in the matter of hours, though this threat was not carried into effect until the passing of the Bill for the miners' eight hours day Bill in 1908.⁴¹

The growth of official opinion with reference to labour was modified by the fact that the government was a large employer, both directly and under contract. Complaints as to the sweating of women workers of the Army Clothing Department were perennial, and had actually led to the appointment of a committee, which reported in July 1879. In August 1880 the government assured the House that the recommendations of the committee had been adopted, and that no good could come of public meetings such as had been recently held, as all complaints should be made to the superior officials in the prescribed form.⁴² This arrangement applied also to other depart-

³⁵ *Hansard* (3rd Ser.), cclxxxi, 588-9.

³⁶ *Ibid.* cccxxv, 720.

³⁷ *Ibid.* cccxlix, 916.

³⁸ *Ibid.* 986.

³⁹ *Ibid.* 991.

⁴⁰ *Ibid.* 993. 'That in the opinion of this House the excessive hours of labour imposed on railway servants by the existing arrangements of the Railway Companies of the United Kingdom constitute a grave scandal on justice, and are a constant source of danger both to the men themselves and to the travelling public; and that it is expedient that the Board of Trade should obtain powers by legislation to issue orders where necessary directing Railway Companies to limit the hours of work of special classes of their servants and to make such a reasonable increase in any class for their servants as will obviate the necessity for overtime work.'

⁴¹ The popular agitation for this started in 1885, in 1887 an amendment to this effect proposed to the Coal Mines Regulation Bill was proposed, and in 1888 an eight hours Bill was introduced. The 'Old Gang' were opposed to legislation.

⁴² *Hansard* (3rd Ser.), cclv, 982.

ments of the public service,⁴³ and the operatives complained, with some show of justice, that the delinquents were thus made judges of their own misdeeds. Furthermore, certain attempts were made to prevent the combination of the employed, and a departmental Order prohibited Post Office servants from holding meetings outside the Post Office.⁴⁴ This Order was relaxed in April 1890,⁴⁵ a year of great agitation throughout organized labour. In August the question of wages in the government dockyards was raised by Colonel Hughes, the member for Woolwich.⁴⁶ An effort to count out the House immediately after his rising was unsuccessful, and he was able to introduce his case, based on figures supplied to him by the First Lord of the Admiralty. Hughes pointed out that the rates were below those of the open market, and that the argument that the rates were low in view of the pension did not apply, as the men rarely lived to attain to it.⁴⁷ The First Lord of the Admiralty maintained in his reply that the lowness of the wages was counterbalanced by the exceptional advantages of government service.⁴⁸ As a result of the very damaging criticism from all sides of the House the government were forced to give way, and while still refusing the appointment of a Select Committee, with a subsequent printed report, they promised that the First Lord of the Treasury, W. H. Smith, with the Secretary of State for War and the Secretaries of the two Departments involved, would themselves hold an inquiry;⁴⁹ they gave no indication, however, that the men would be given other than the usual facilities for the statement of their case. The question was once more raised in 1896,⁵⁰ and again the government produced the same arguments, but though no pledge was given the examination tended towards the acceptance of the trade union rate as the standard rate of wage.

The unions had still greater success in fixing their rate as the standard for government contracts. As early as 1884 C. J. Drummond, Secretary of the London Society of Compositors, had induced the Parliamentary Committee to urge the matter of 'fair wages' when the contract for government printing was revised in that year.⁵¹ W. R. Cremer again brought the matter forward in 1886, when Mr. Leveson-Gower replied for the government that the arrangements made by the men with their employers were a matter which it did not fall within the province of the Office of Works to interfere in.⁵² Much the same reply was made in 1889, when the Secretary of State for War declared that his office 'has no cognizance of the relations' between a weaving contractor and his women operatives 'beyond the fact that a strike 'has taken place' on a further reduction of wages.⁵³ Drummond, acting for the London compositors, kept the agitation alive and protested against the wages paid by the contractors to the London School Board.⁵⁴

⁴³ *Hansard* (3rd Ser.), cccxciii, 152.

⁴⁴ *Ibid.* cccxlii, 1282.

⁴⁵ *Ibid.*

⁴⁶ *Ibid.* cccxlviii, 323.

⁴⁷ *Ibid.* 325.

⁴⁸ *Ibid.* 329-30.

⁴⁹ *Ibid.* 343.

⁵⁰ *Ibid.* (4th Ser.), xlii, 116.

⁵¹ Webb, *Hist. of Trade Unionism*, 384.

⁵² *Hansard* (3rd Ser.), cccxciii, 120.

⁵³ *Ibid.* cccxxxv, 969.

⁵⁴ Webb, *loc. cit.*

The newly formed London County Council took up the matter in 1889, and the School Board also came into line. The evil seems to have been particularly rife in the building trade, where it was aggravated by a system of sub-contracting. The London Building Trades Council drew up a resolution which in February 1891 was moved by Sydney Buxton in favour of the insertion in all contracts of a fair wages clause and of the prohibition of sub-letting.⁵⁵ The House received the motion with much sympathy, and the First Commissioner of Works described how the former method of contracting had been abandoned as it had been found that its gain in economy was made at the expense of the workmen.⁵⁶ The whole question had been considered by a Departmental Committee, and in future all wages paid by the contractor would be reimbursed in full by the government,⁵⁷ which thus became directly responsible for the rate of pay. The government saw difficulties in accepting the resolution in the original form, but proposed to amend it to a declaration that 'it is the duty of the government in all government contracts to make provision against the evils recently disclosed before the Sweating Committee; to insert such conditions as may prevent the abuse from sub-letting, and to make every effort to secure the payment of such wages as are generally accepted as current in such trades for competent workers.'⁵⁹ Such a resolution would have been unthinkable in 1881. The past ten years had, indeed, seen a revolution in public feeling; under the stress of depression and foreign rivalry a new sense of social solidarity had come into being.

⁵⁵ *Hansard* (3rd Ser.), ccc, 616.

⁵⁶ *Ibid.* 639.

⁵⁷ *Ibid.* 640.

CHAPTER X

FOREIGN COMPETITION

(1892 to 1900)

A REMARKABLE development of international rivalry affected every branch of commerce and industry during the closing years of the 19th century. In many countries State subventions provided an artificial stimulus to certain trades. Improvement in the means of transport and the opening up of 'new' countries brought into the competition produce grown under superior natural advantages or manufactured under more favourable conditions than those of Great Britain. Industrial rivalry was intensified by development and federation in the organization of capital and labour, by the application of science to practical uses and by the extension of education towards commercial and technical utility. The resultant increase in the world's productiveness brought with it a demand for new markets in which international competition became more visible than ever before. A minor effect of the same increase of commerce was to enhance the importance of means of exchange.

So strenuous a rivalry had a most important influence upon the political outlook of the administrations with which this chapter deals. It forced itself upon the consideration of Gladstone when he took office for the last time in August 1892. It added to the difficulties experienced by Lord Rosebery when he became leader of the Liberal party in 1894. It was one of the chief factors in deciding the policy at home and abroad of Lord Salisbury's third administration, in which Conservative and Liberal Unionists were allied in a 'National and Unionist' government from 1895 to 1900.¹

The Liberal Premiers (Gladstone and Rosebery) were hampered in their dealings with industry and commerce by the general weakness of their position. Gladstone himself was suffering from the disabilities of old age. His majority was small and depended entirely upon the Irish vote. The Opposition was active and united and took advantage of every occasion for obstruction or attack. The Prime Minister and Sir William Harcourt, as Chancellor of the Exchequer, were the 'last survivors of the vanished 'creed' of that economy which hesitated to expand the functions of the State in commercial or other matters.² The economic importance of the ministry lay chiefly in the development of the powers of the Board of Trade, to which Mundella brought the energies of a business man with a lifelong experience in the organization of labour under trade union conditions.³

¹ Chamberlain, *Speeches* (ed. Boyd), i, 313.

² Sir William Harcourt speaking of himself and Gladstone in *Hansard* (4th Ser.), xi, 1043.

³ *Dict. Nat. Biog.*

The younger Liberals also contributed towards industrial reform by introducing the Employers' Liability Bill, under the guidance of Mr. Asquith as Home Secretary.⁴ The Bill was subsequently withdrawn in consequence of disagreement with the Lords upon the principle of 'contracting out.'⁵ Disputes with the Second Chamber over this question, the Parish Councils Bill, and, above all, the question of Home Rule, upon which his party had been returned to office, brought about the resignation of Gladstone in 1894. The Liberal government was thus further weakened by the loss of its great leader, and also by the secession of the 'new Radicals,' who, under the leadership of Mr. Labouchere, expressed their policy of open hostility to the House of Lords in an amendment to the address which they carried, 13 March 1894.⁶ Lord Rosebery continued to be premier until 21 June 1895,⁷ maintaining the whole of the 'Newcastle Programme,'⁸ and pursuing a 'policy too large with a majority too small,' a strategical mistake which he afterwards acknowledged.⁹

A programme of social reform was an important feature in the declarations of the Liberal Unionist ministry which came into power in 1895 with a very large majority.¹⁰ Among those who took office were Goschen, who as First Lord of the Admiralty applied his great talents to the rapid development of the Navy,¹¹ and Joseph Chamberlain, whose administration of the Colonial Office brought in a new era of active intervention on behalf of colonial development.¹² Two members of the Government, Mr. Balfour, First Lord of the Treasury, and Mr. Chaplin, President of the Local Government Board, were supporters in different degrees of the theories of bimetallism.¹³

Notwithstanding the advantages enjoyed by the government, the force of religious controversy necessitated the withdrawal of a Bill for the complete reorganization of national education,¹⁴ their first great ameliorative measure. Foreign affairs also absorbed much of the energies of the administration, the last five years of the decade being occupied by a series of international crises. These were due in Europe to the difficulties of the Armenian and Cretan questions; in America to the intervention of the United States in the Venezuelan dispute; and in Africa and China to a great development of commercial and political competition, terminating in the South African War, which was still in progress when Parliament dissolved in 1900.

⁴ *Hansard* (4th Ser.), viii, 1943.

⁵ *Ibid.* xxi, 853.

⁶ *Ann. Reg.* 1896, 84; *Hansard* (4th Ser.), xxii, 206.

⁷ *Hansard* (4th Ser.), xxxiv, 1687.

⁸ *Ibid.* xxii, 3; xxx, 1; *Ann. Reg.* 1894, 63-5. The programme included Disestablishment of the Church in Wales and Scotland, Local Veto, Improvement in the registration of voters and the abolition of the plural franchise, the definition of Employer's Liability and the Limitation of the Hours of Labour.

⁹ *Hansard* (4th Ser.), xxxvi, 40; Rosebery, *Speeches*, 1874-96, 233.

¹⁰ *Annual Reg.* 1895, pp. 147, 158.

¹¹ He was responsible for an enormous increase in the material and *personnel* of the Navy and for the Naval Works Act of 1897 (Stat. 60 & 61 Vict., cap. 35).

¹² See below.

¹³ *Hansard* (4th Ser.), xxx, 226; ix, 687; xxxvi, 580.

¹⁴ *Ibid.* xxxix, 526; xli, 1074.

It happened that the Liberal administration from 1892 to 1895 was coincident with the last years of one of those periods of depression in finance and industry which seem to affect the whole world in cycles of roughly a decade in length.¹⁵ It was most acutely felt in agriculture, where it approached the rank of a great national tragedy.¹⁶ This depression culminated in 'that unfortunate year' 1893, which 'laboured under accumulated misfortune . . . financial difficulties in America, financial embarrassments in Australia . . . disturbance of trade in India, labour disputes at home and general depression in agriculture.'¹⁷ The turning-point came towards the end of the year 1895,¹⁸ at which time there set in a steady and rapid increase in the general prosperity of the country,¹⁹ continuing till the end of the century, even through the adverse circumstance of the South African War.²⁰

Throughout the intense struggle which was taking place for the world's commerce during these years Britain stood alone in its support of the principles of free trade and the doctrine of *laissez-faire*, while her competitors pursued a policy of protection and employed systems of trade subsidies or bounties and reciprocal treaties. The official attitude of the Liberal government towards State intervention was expressed by Mr. Mundella at the Board of Trade in 1894. 'The less they interfered with trade the better,' he said. 'The more they lightened the springs of industry by making the burdens lighter and leaving men to find out the best methods themselves, the better it would be.'²¹ This attitude was also maintained by Lord Salisbury, who throughout his third administration rejected any suggestion of retaliatory tariffs on the ground that they would be 'hostile to the interests of consumers.'²² 'The masses of this country,' said Mr. Balfour in 1897, 'viewed with ineradicable prejudice the return to anything at all resembling the old protective duties.'²³ Even the imposition by the Indian Government of a general 5 per cent. import duty in 1894 raised a storm of protest, although it was a purely financial precaution to meet the strain of a great fall in the exchange.²⁴ The refusal by Sir Henry Fowler, Secretary of State for India, to sanction the duty on cotton, designed as he thought to encourage the mill-owners of India, resulted in a disastrous deficit in the Indian revenue.²⁵ Notwithstanding the views of the Secretary of State the duty was subsequently imposed with a countervailing excise intended to put Indian and Lancashire manufacturers on an equal footing.²⁶

There were indications, however, of a new school of thought with regard

¹⁵ Ashley, *The Tariff Problem* (ed. 1911), 240-1; Bowley, *National Progress Since 1882*, p. 32.

¹⁶ Balfour in 1895 (*Hansard* [4th Ser.], xxx, 70).

¹⁷ Harcourt's Financial Statement, 1894 (*Ibid.* xxiii, 469).

¹⁸ *Ibid.* xxxix, 1052.

¹⁹ *Ibid.* xlviii, 1250; lvi, 671; lxix, 994.

²⁰ *Ibid.* lxxx, 55; *Annual Reg.* 1900, p. 246. It should, however, be noted that during the second half of the year 1900 certain trades were seriously affected by over-production and speculation.

²¹ *Hansard* (4th Ser.), xxii, 99.

²² *Ibid.* xxxvii, 904.

²³ *Ibid.* xlviii, 669.

²⁴ *Ibid.* xxviii, 1287.

²⁵ *Ibid.* 1287, 1290; xxii, 327.

²⁶ *Ibid.* xxxvi, 1697.

to national finance. The enormous increase of State expenditure which was accumulating rapidly upon the narrow basis obtainable from a fiscal system established under free-trade conditions, drove so staunch a free trader as Sir Michael Hicks-Beach to doubt whether the financial policy of the country could be maintained.²⁷ A movement favourable to protection enlisted the sympathies of the agricultural interest, which had borne 'the brunt of the burden of free trade,'²⁸ and some of the most influential chambers of commerce. The leaders of the movement in the Commons were Sir Howard Vincent and Mr. James Lowther, who maintained that the conditions of trade had altogether changed since the time at which free trade was established, when 'competition was comparatively unknown.'²⁹ An unfavourable balance of trade, it was contended, was now developing through the large increase of imports over exports, especially in manufactured goods,³⁰ under a system of free imports but not free exports, a system which protected the consumer at the cost of the producer. By the hostile tariffs of foreign countries the iron and steel trade had been almost lost, and the tin-plate mills were closing as a result of the McKinley tariff.³¹ A favourable commercial treaty with Madagascar had given place to a hostile tariff upon the French occupation of the island, and other similar instances could be quoted.³² Thus it was asserted that the quarterly average of British exports to Madagascar had fallen from £39,652 in 1897 to £8,648 in 1898.³³ The free traders contended on the other hand that the balance of trade was against us because we were the great creditors of other nations who paid us in goods and not in specie.³⁴ Moreover, notwithstanding a protective tariff, many American mills were closed or on half-time in 1894.³⁵ It was not denied that 'our fiscal system' compelled us to enter into competition without anything to give, to promise 'or to threaten, but it was urged that our commercial conquest of the world' had been made by the intrepidity and enterprise of individual traders,³⁶ and that under free trade the country had thriven. It was especially emphasised that the consumer had benefited, the prices of necessities had decreased while their consumption had increased and wages had nearly doubled during the past fifty years.³⁷ But, far beyond the question of tariffs, the policy adopted by continental nations of granting State assistance by means of bounties and subsidies in order to foster and eventually to control rival industries, was, as has already been shown, affecting our trade. The bounty system was especially applied to stimulate the newly established industry of the production of beet sugar. It greatly benefited the British consumer by lowering the price of sugar, but was ruinous to the British producers—the refiners and colonial planters—who reaped no advantage from the enormous increase of consumption. As retaliation was contrary to the

²⁷ *Hansard* (4th Ser.), xxxix, 1075; lxi, 1005.

²⁸ See Kearley in *ibid.* xlv, 431; xxxi, 1215.

²⁹ *Ibid.* 1210 *et seq.*

³⁰ *Ibid.* 1214; xlv, 112; xlviii, 1166.

³¹ *Ibid.* xxxi, 1216; ix, 1233.

³² See G. Curzon in *ibid.* xxxvi, 1272, 1274.

³³ See Bryce in *ibid.* xxx, 142; xxxi, 1241; xlv, 431.

³⁴ *Ibid.* liii, 36.

³⁵ *Ibid.* lxvi, 674; lxxxiii, 409.

³⁶ See Balfour in *ibid.* xlviii, 1175.

³⁷ See Mundella in *ibid.* xxi, 100.

policy of free trade, attempts had been made by Great Britain to obtain the abolition of the bounties by international agreement. In 1862 a convention was signed with this in view, but failed in its purpose owing to opposition by France and the establishment of great bounty-fed industries in Austria and Germany.³⁸ An unsuccessful attempt to call another conference was made by Gladstone in 1879.³⁹ In 1889 a convention was completed at the instance of Lord Salisbury, but again failed because 'France did not come into line with 'the other bounty-giving countries.'⁴⁰ Some seven years later Germany, followed by Austria and France, almost doubled her bounties,⁴¹ and the United States, in retaliation, adopted the principle of countervailing duties.⁴²

In 1881 Lord Salisbury, in dealing with a petition from the Barbadoes as to the destruction of their industry by 'the fiscal actions of foreign powers,' stated that a very remarkable change of feeling was showing itself in many centres of industry, and proposals were being made which ten years ago would have been held impossible.⁴³ The Indian government were the first to take retaliatory measures, for India's production of cane-sugar exceeded that of the rest of the world, excluding China. Under the powers of the Indian Tariff Act of 1899 the Indian government imposed additional duties on sugar imported from France, Germany, Russia, Austria, Belgium and the Argentine, but their action raised a cry of indignation from free traders, who argued that the new duties were protective in character and formed a 'first step in reversing the policy of free trade.'⁴⁴ The logical outcome of such a policy, it was contended, would be the protection of West Indian sugar and Irish butter.⁴⁵ The difficulties with regard to the former of these commodities were becoming acute, since the growing of sugar-cane was the sole industry upon which the labour, capital and revenue of the West Indian Islands depended. West Indian sugar planters proposed the imposition of countervailing duties, but the majority of the commissioners sent to report on the distress in the West Indies in 1897 refused to recommend them 'in view of the loss to the 'British consumer, inconvenience to trade, uncertainty of success, difficulty of 'interpreting the most-favoured-nation clause in treaties and danger of departing from the settled policy of the United Kingdom.'⁴⁶ They noted that the chief effect of bounties on the West Indian industry had been to introduce an element of uncertainty which undermined credit, and that the low prices which tended to destroy the industry were mainly due to the decrease in the cost of production in the sugar-beet producing countries of Europe.⁴⁷ They recommended the encouragement of central sugar factories by improved means of communication and the adoption of measures to facilitate other subsidiary industries such as fruit and cocoa-growing.⁴⁸ At the same time

³⁸ *Hansard* (3rd Ser.), clxx, 1152; clxiii, 220; (4th Ser.), cxv, 252.

³⁹ *Ibid.* cclix, 1804.

⁴⁰ *Ibid.* ccxviii, 872; (4th Ser.), cxv, 254.

⁴¹ *Rep. of Roy. Com. on W. India*, 1898, p. 7.

⁴² *Hansard* (4th Ser.), lxxviii, 443, 1140; lxxii, 1201.

⁴³ *Ibid.* (3rd Ser.), cclix, 1804.

⁴⁴ Sir H. Fowler in *ibid.* (4th Ser.), lxxii, 1205.

⁴⁵ *Ibid.* 1206; lxxviii, 1332.

⁴⁶ *Report on West India*, 13.

⁴⁷ *Ibid.* 9.

⁴⁸ *Ibid.* 14-23.

they rejected the suggestion of granting bounties to West Indian planters on the purely practical ground that their result would be to close the nearest natural market in the United States and to bring about over-production with a consequent further fall in prices.⁴⁹

The problem before the Imperial government was to restore the islands to financial soundness without departing from the principles of free trade, while the possibility of an alternative in the secession of the colonies was rendered clear by the contemporary example of Cuba.⁵⁰ Chamberlain took steps at once to carry out the commission's recommendations. Model factories were established with a government guarantee; ⁵¹ reciprocal conventions were negotiated with the United States and Canada; ⁵² colonial finance was restored by imperial grants in aid and set on a basis more sound than before; ⁵³ finally a successful attempt was made to establish subsidiary industries by giving facilities for peasant holdings, subsidizing direct services of steamships to Newfoundland and the United Kingdom, and by developing the islands' natural resources through the foundation of a school of botany and agriculture.⁵⁴ At the same time (1898) Great Britain sent delegates to another international conference, hoping to secure the abolition of bounties,⁵⁵ but the negotiations again broke down.⁵⁶ It was not till 1902 that the Unionist government, in the face of considerable opposition, made any agreement possible by conceding the principle of penal prohibition,⁵⁷ thus removing the fear of the contracting countries that they might meet with unfair competition in British markets. The Liberal government of 1907 renewed its adherence to the convention with modifications.⁵⁸

There was a similar difference as to principles between the attitude of British and foreign administrations towards the use of industrial subsidies. Great Britain gave subsidies to the shipping and shipbuilding industries for reasons of State only—namely, for postal or Admiralty purposes; whereas her rivals also gave them for the encouragement of trade.⁵⁹ As early as 1881 Lord Salisbury had referred to the French subsidy on tonnage as 'an indication of the policy which is guiding foreign governments and a danger against which our manufacturers . . . have to contend,'⁶⁰ and in 1895 the President of the Board of Trade admitted that French bounties had been the cause of the loss of certain contracts to British shipbuilders.⁶¹

Abroad State control of railways facilitated the attraction of merchandise to subsidized lines. Thus the German government reduced railway rates on goods sent direct from inland places in Germany to East Africa or the Levant

⁴⁹ *Report on West India*, 14.

⁵⁰ *Hansard* (4th Ser.), x, 478.

⁵¹ *Ibid.* lxiii, 896.

⁵² *Ibid.* liv, 1539; lxiii, 893; lxxiv, 307.

⁵³ *Ibid.* liv, 1539; lxix, 134; lxxxvii, 692.

⁵⁴ *Ibid.* liii, 2; liv, 1539; lxxiv, 17; lxxxvii, 692.

⁵⁵ *Ibid.* liii, 2.

⁵⁶ *Ibid.* lxvi, 34.

⁵⁷ *Ann. Reg.* 1902, p. 238.

⁵⁸ R. T. Hauckes, *Seven Years of the Sugar Convention*, 10.

⁵⁹ *Report of Select Committee on Subsidies*, 1902, ix, p. iii.

⁶⁰ *Hansard* (3rd Ser.), cclxiii, 220.

⁶¹ *Ibid.* (4th Ser.), xxxiv, 81.

by subsidized lines⁶² in order to encourage export, and gave preferential railway rates to foster a market at London for Westphalian coal.⁶³

In England the law prohibited any preferential rates, and the national policy of *laissez-faire* prevented government intervention on behalf of the British as against the foreign producer.⁶⁴ An outcry against the general raising of internal freights in 1893⁶⁵ resulted in legislation enabling the Board of Trade and the Railway and Canal Commissioners to intervene between the trader and the railway company.⁶⁶ Subsequent litigation, however, showed that the apparent differences in rates, and especially in through rates, were due to the greater size of consignments from abroad, their good packing and regularity of delivery.⁶⁷ The disadvantage to the small home producer has since been in part obviated by combination.⁶⁸ At the same time there has been a tendency in British policy to increase departmental control⁶⁹ of railways and to establish State ownership or guarantee only in peculiar circumstances. Thus the West Highland railway, which served a district 'very different from the rest of the country in its economic conditions' and was intended to develop the fishing industry, received a State guarantee of interest at 3 per cent. on its capital.⁷⁰ The Light Railways Act of 1896, which was intended to palliate some of the evils suffered by English farmers,⁷¹ limited State action to a loan of a quarter the total amount required if that sum did not exceed what had been advanced by the local authority. It also cheapened Parliamentary procedure and relaxed the Board of Trade regulations.⁷² This adaptation of State policy to peculiar conditions was particularly apparent in the treatment of railways in British dependencies. In India State railways formed part of a scheme of insurance against famine.⁷³ The chief reason given for granting a considerable subsidy to the Bechuanaland railway in 1893 was to effect economy in the business of government.⁷⁴ The West African railways developed during Chamberlain's term of office were State owned⁷⁵ and had a double object in securing peace within a country disturbed by tribal wars as well as in opening up to commerce the fertile plains of the 'Hinterland.'⁷⁶ The Cairo to Khartoum railway, originally constructed for strategic purposes, was also expected 'to bring 'trade and civilization into the interior of Africa.'⁷⁷ The making of the Uganda railway was a new and remarkable experiment. It was to be a State venture for financial, political and social reasons and was constructed by the government through a Works Committee.⁷⁸ Difficulties of labour,

⁶² *Report on Subsidies*, 1902, p. v.

⁶³ *Hansard* (4th Ser.), xl, 1542; cf. *ibid.* xxxix, 1040. ⁶⁴ *Ibid.* lxix, 1136.

⁶⁵ *Ibid.* viii, 79; xxx, 173; *Ann. Reg.* 1893, Chron. 13 January.

⁶⁶ *Railway and Canal Traffic Act*, 1894.

⁶⁷ *Mansion House Assoc. v. L.&S.W.R.*, *Law Reports Digest of Cases*, 1891-1900, p. 1662; *Hansard* (4th Ser.), xxii, 89; xxxiii, 1530.

⁶⁸ Pratt, *Organisation of Agriculture*, 281.

⁶⁹ Palgrave, *Dict. of Political Econ.* iii, 254.

⁷⁰ *Hansard* (4th Ser.), xli, 362, 401, 410.

⁷¹ *Ibid.* xxxii, 1700; xxxiv, 860.

⁷² *Ibid.* lxviii, 281, 962; lxxviii, 919; lxxxii, 587.

⁷³ *Ibid.* lxxviii, 919; lxxxvii, 691.

⁷⁴ *Ibid.* xxxvi, 640, 1295; lxxxii, 309.

⁷⁵ Stat. 59 & 60 Vict., cap. 48.

⁷⁶ *Hansard* (4th Ser.), lii, 435.

⁷⁷ *Ibid.* xiv, 332; xvii, 1525.

⁷⁸ *Ibid.* lxvi, 10.

materials and water arose during its construction,⁷⁹ but it is now run at a profit⁸⁰ and has been of great value in developing transport, especially with the Belgian Congo.

State ownership of the telegraphs had already been established, but the telegraphs were suffering through competition with telephones. In negotiating in 1894 for acquiring the interest of the National Telephone Company, the Postmaster-General justified his action as a measure 'to protect the public in view of the fact that the Telegraph Department is suffering through the extended use of the telephone.'⁸¹ His intervention was further supported on the ground that it would destroy the monopoly⁸² by a company. Imperial control over cable communication within the Empire was another scheme for State ownership put forward at the Colonial Conference of 1887, not only for strategic reasons but as an ideal co-partnership for the mutual exchange of commodities. The idea was carried out by the 'All-British' cable to Canada and Australasia, which was projected in 1900 at the joint cost of the Imperial and Colonial governments.⁸³ Similar considerations led to the establishment of imperial penny postage in 1898.⁸⁴ Government factories for arms, originally established 'for making experiments, testing inventions and controlling prices,'⁸⁵ existed solely for military or naval purposes. The consensus of opinion, however, was in general against State trading, as is shown by the rejection of proposals for nationalization of mines⁸⁶ or the establishment of State granaries.⁸⁷

British policy towards municipal trading was undefined until the advances in electricity necessitated the development of municipal undertakings.⁸⁸ The failure of private enterprises⁸⁹ or commercial associations to deprive local authorities of a practical monopoly over electricity for power, lighting or traction has been assigned as a cause for the corresponding failure of Great Britain to compete in this respect with such countries as the United States, where electric power is in the hands of private companies.⁹⁰ On the other hand, it was maintained that organized labour could more easily obtain its own conditions from the municipality than from the State⁹¹ and that great industrial concerns were then (1900) carried on by municipalities at a profit to the ratepayer.⁹²

At the beginning of the 19th century England stood so far ahead of her industrial rivals as to claim almost the whole commerce of the world. As speed in transit grew year by year, as means of rapid communication were found in telegraph or telephone or wireless, as science was applied to transport to bring even perishable goods from one hemisphere to another, so she lost the

⁷⁹ *Hansard* (4th Ser.), lxxxii, 297.

⁸⁰ *Colonial Office List*, 1915.

⁸¹ *Hansard* (4th Ser.), xvi, 1870; xxxi, 207.

⁸² *Ibid.* lxvii, 1376, 1426.

⁸³ *Ibid.* lxxvii, 236; lxxxv, 1313; lxix, 732.

⁸⁴ *E.g.* the General Power Distributing Company in 1899 (*ibid.* lxvii, 1208).

⁸⁵ Avebury, *Municipal and National Trading*.

⁸⁶ Webb, *Industrial Democracy*, 554-7.

⁸⁷ Broadhurst in *Hansard* (4th Ser.), lxxxii, 758.

⁸⁸ *Ibid.* lxiv, 914; cf. xi, 1516.

⁸⁹ *Ibid.* xxii, 551.

⁹⁰ *Ibid.* 1523-52.

⁹¹ *Ibid.* lxvi, 1168.

⁹² *Ibid.* lxxxii, 1343.

former advantage due to her practical monopoly of the world's carrying trade and found herself opposed by more than one rival of formidable strength. The soil of some countries was richer and their areas immensely larger. Other nations had learned to use her industrial methods or had developed them to better purpose. Her own efforts to raise the standard of living among her artisans put them to a disadvantage in competing with workers of countries where climate or social requirements were less exacting.⁹³

The natural advantages of 'new' countries were mostly felt in the production of grain and meat. The produce of the virgin soil of the Argentine, whose richness enabled a fivefold crop of lucerne to be gathered yearly,⁹⁴ was brought by a rapidly developing railway system into direct competition with the products of Britain grown by the aid of artificial fertilizers.⁹⁵ Similarly, the opening up of the Western States of America by railway development brought into the market wheat from immense farms, whose very size facilitated an economical use of machinery impossible to attain even through co-operation in the smaller holdings of Great Britain.⁹⁶ It was acknowledged that British agriculture could not look for any material improvement till the competition of superior soils had worked itself out.⁹⁷ The rancher of Western America and the sheep farmer in Australia and New Zealand had advantages in the size of their holdings, the Argentine cattle farmer in the climate of his country.⁹⁸ The one branch of agriculture in which British farmers had a pre-eminence was horse and cattle breeding.⁹⁹ It became more and more evident that the British agriculturist was obliged by the nature of things to yield the advantage to other countries in the cheap output of large quantities of produce, and that his future prosperity depended upon his ability to hold his own where skill and judicious management counted towards good quality.

There was a growing tendency to call in the aid of the State to alleviate the condition of agriculturists in so strenuous a competition. Thus it was due to careful administration of the law touching contagious diseases of animals that 'the one bright spot' found in the agricultural depression of 1893 was the healthiness of the herds.¹⁰⁰ Consolidation and extension of the Acts¹ culminated in the legislation of 1896, which abolished the former discretionary power of the Board of Agriculture and enforced the slaughter at port of all imported cattle.² This Act was the direct consequence of many dissensions touching the exclusion of Canadian cattle on the grounds of alleged cases of pleuro-pneumonia upon which expert evidence differed.³

⁹³ The direct comparison with regard to this point, however, between any two countries is exceedingly difficult, and is absolutely valueless as applied to Germany and Great Britain (Ashley, *The Progress of the German Working Classes*, 2 *et seq.*).

⁹⁴ *Final Rep. of Roy. Com. on Agric.* 1897, p. 164.

⁹⁵ *Ibid.* 88.

⁹⁷ *Hansard* (4th Ser.), xii, 782.

⁹⁶ *Ibid.* 56.

⁹⁸ *Rep. of Roy. Com. on Agric.* 1897, p. 58.

⁹⁹ *British Breeds of Live Stock* (Bd. of Agric. 1910), *passim*; cf. *Statistical Tables (Exports)*, (Bd. of Agric.) 1897, xvi, 98; *Agric. Statistics*, 1912, xvii (4), 285.

¹⁰⁰ *Hansard* (4th Ser.), ix, 174.

¹ Stat. 57 & 58 Vict., cap. 57; 56 & 57 Vict., cap. 43.

² Stat. 59 & 60 Vict., cap. 15; *Hansard* (4th Ser.), xxxvii, 773.

³ *Hansard* (4th Ser.), ix, 1294; xiii, 191; xxxvi, 233.

In this case legislation was welcomed except by certain classes, such as the Aberdeen and East Anglian farmers, who had been used to import store cattle from the colony.⁴ Other Acts, such as the Fertilisers and Feeding Stuffs Act of 1893, intended to give security against adulteration, practically remained a dead letter.⁵

Further, there was a party that advocated State control of rent, of the burdens on the land and conditions of tenure, in order to overcome the depression of the early 'nineties. Agitation for judicial rents as already established in Ireland was met with the answer that such rents were opposed to freedom of contract,⁶ and in England were unnecessary, since rent had been voluntarily readjusted to the conditions of the time.⁷ In Ireland the Unionist Government passed the Land Act of 1896 as part of the scheme 'to kill Home Rule by kindness.'⁸ It was intended to secure the automatic adjustment of fair rents and was a step towards the Land Purchase Act of 1903⁹ and the abolition of dual ownership in Ireland. The great contraction of the wheat-growing area in the United Kingdom was attributed in part to 'competition between our dear land and other countries' cheap 'land.'¹⁰ In order to lower the cost of land, 'the raw material' of agriculture,¹¹ Lord Salisbury introduced the Agricultural Land Rating Bill of 1896.¹² It met with considerable opposition as a dangerous precedent of State aid to a particular industry,¹³ and was passed only as a temporary measure, though it was subsequently continued.¹⁴ Legislation touching conditions of tenure took the form of the Market Gardeners' Compensation Act of 1895¹⁵ and the Agricultural Holdings Act of 1900,¹⁶ both of which continued the policy initiated by the Agricultural Holdings Act of 1883. Through such measures the nation became gradually accustomed to direct government intervention in the conditions of agriculture.

The rapid development of industry in other countries was becoming a very strong factor in the commercial rivalry of Great Britain with her neighbours, a phenomenon almost unexpected by the original supporters of free trade. Especially noteworthy was the rise of Germany, the United States and Japan, where industrial enterprise was aided by an increase in the output of coal.¹⁷ German manufactures not only sufficed for home consumption but also admitted of a growing export trade, for which England was the chief customer.¹⁸ The goods exported competed with staple English industries, including woollen textiles, which at the end of the 19th century

⁴ *Hansard* (4th Ser.), xxiii, 1084; xxxvi, 233; xxxvii, 773.

⁵ Stat. 56 & 57 Vict., cap. 56.

⁶ *Hansard* (4th Ser.), xxx, 351; xxxix, 1447.

⁷ *Ibid.* xiii, 706; *Final Rep. of Roy. Com. on Agric.* 1897, p. 30.

⁸ Stat. 59 & 60 Vict., cap. 47; cf. *Cambridge Modern History*, xii, 87.

⁹ Stat. 3 Edw. VII, cap. 37.

¹⁰ See Allan in *Hansard* (4th Ser.), lxvi, 1153.

¹¹ *Ibid.* xxx, 342.

¹² Passed as the Agricultural Rates Act, 59 & 60 Vict., cap. 16. It provided for the payment of half of the rates by occupier of agricultural land, the balance to be made up by grant from estate duties.

¹³ *Hansard* (4th Ser.), xxxix, 1273; xl, 65 *et seq.*; *Annual Reg.* 1896, pp. 81, 121.

¹⁴ *Hansard* (4th Ser.), xli, 479.

¹⁵ Stat. 63 & 64 Vict., cap. 50.

¹⁶ Stat. 58 & 59 Vict., cap. 27.

¹⁷ Gastrell, *Our Trade in the World*, 4.

¹⁸ Table of German Exports, *ibid.* 135; cf. *ibid.* 127.

were the principal articles of export from Germany.¹⁹ The realization of this commercial rivalry became more general during the period of industrial depression, and found expression in the publication of a popular book, styled *Made in Germany*. American industrial development was particularly noticeable in the iron and steel trade. Great Britain had produced rather more than half of the world's pig-iron in 1870. By 1903 the proportion of the production in the United States had risen to 42 per cent., while that of Great Britain had fallen to 20 per cent. of the world's total. Competition with Japan was naturally most intense in Eastern markets. The remarkable growth of Japanese industries is shown by her exports, which increased by 272 per cent. between 1885 and 1895.²⁰

Competition with these and other formidable rivals was greatly intensified by differences in the cost and conditions of labour. 'Our labour system,' said Sir Albert Rollit, 'was constantly being modified in the interests of the workmen and not in the direction which seemed to prevail in foreign countries.'²¹ One immediate result was that foreign producers were able to undersell the British manufacturer. In 1894 A. J. Mundella, then President of the Board of Trade, stated²² that the length of the working day and the low rates of wages in Germany were so remarkable that it was very difficult indeed for England to hold her own in competition with that country.²³ A notable instance of a diversion of trade due to difference of conditions was the case of shipment of rails to India, which were shipped more cheaply by German lines than British on account of less stringent conditions attached to insurance.²⁴

Another result of lower cost and conditions of labour abroad was to divert British capital from this country. It was largely for the sake of cheap labour and to avoid the tariff barriers that 'British glass-makers went to Belgium; shoddy manufacturers from Batley and Dewsbury were found in Prussia; Lancashire and Scottish spinners in Rouen; Yorkshire wool-combers in Rheims; Dundee jute mills in Dunkerque; English iron and steel mills in Belgium; English woollen mills in Holland.' So the removal of British capital to the Continent secured a profitable home market, while England served as 'a dumping-ground for surplus goods made by foreign labour, superintended by English skill.'²⁵ 'Capital knew no frontier, labour must stay at home.'²⁶ Hence came about that 'shifting of British capital without a corresponding shifting of British workmen' which was among the causes of unemployment at home.²⁷ The capitalist who remained in England was subject to great pressure from the trade unions which hoped ultimately to become the sole source of supply for labour, both skilled and unskilled. Although by this time the organization

¹⁹ Gastrell, *Our Trade in the World*, 127, 133.

²⁰ Porter, *Prog. of the Nation* (ed. Hirst), 244, quoting J. S. Jeans in *The Iron Trades of Great Britain*.

²¹ *Hansard* (4th Ser.), xlv, 443.

²⁴ *Hansard* (4th Ser.), xxxiii, 1044.

²² *Ibid.* xxii, 104.

²⁵ Sir Henry Seton-Karr in *ibid.* xxxi, 1222.

²³ See note 93, p. 351.

²⁶ *Ibid.* xlviii, 1170.

²⁷ Bousfield in *ibid.* viii, 725; cf. *ibid.* xix, 1217.

of labour had been so far accepted that the majority of employers recognized its advantages,²⁸ yet many turned to 'free' labour as to the cheapest supply. The Shipping Federation made a very remarkable effort to break the monopoly of labour which the National Amalgamated Sailors and Firemen's Union was tending to establish. 'Free Labour Bureaux' were established at every port to supply seamen to members of the federation.²⁹ It was due to the peculiar position of the shipping industry that the Hull dock dispute of 1893, which led to such violent disturbances, failed to settle the relations between unionism and free labour. The strike, which lasted six weeks, ended in the men being compelled to return to work on the masters' terms. As it was, both the union and the federation committed technical breaches of the laws against crimping;³⁰ and it was probably an effect of this struggle that the Merchant Shipping Act of 1894 vested in the courts a power to rescind unjust and substitute just terms in the contract between master and man, which would have been repugnant to general opinion in most other industries.³¹

Such contests usually resulted in a diversion of trade, often to foreign countries.³² The Hull dispute reduced the shipping and coal trade of that port for several years.³³ Other strikes and lock-outs were more general in effect. The Hull dispute was closely followed by another in the Welsh mines, which affected not only the coal trade but many hundreds of potteries, chemical and ironworks.³⁴ It was the fear of foreign, particularly of Japanese, competition that prevented the mineowners at a subsequent date from agreeing to the men's demand for a limited output in order to keep up prices.³⁵ They were justified by the attempts made to secure non-British coal, even for Admiralty purposes.³⁶

State restrictions on the conditions of labour had a similar result in driving the capitalist to the use of foreign labour or the transfer of his factories. Thus it was admitted that a shipowner would employ a Lascar crew or register his vessel in India to avoid the more stringent regulations of the Board of Trade.³⁷ Ships would be nominally transferred to another flag under which they could carry more cargo.³⁸ Some realization of these effects was shown by the extension of the Undermanning Bill of 1897 to foreign ships in British ports.³⁹ It was argued that the prohibition of yellow phosphorus in match factories would only lead to the transfer of that trade to Japan, Sweden and Belgium.⁴⁰

A remedy for the disadvantages arising from these differences in the cost and conditions of labour was hard to find. Some leading trade unionists looked for it in international action, declaring that we could not build up an

²⁸ *Hansard* (4th Ser.), xxxvii, 645. ²⁹ *Ibid.* xii, 81. ³⁰ *Ibid.* xiii, 1328.

³¹ Stat. 57 & 58 Vict., cap. 60; cf. Palgrave, *Dict. of Political Econ.* ii, 538.

³² *Hansard* (4th Ser.), xxxiv, 841; *Ann. Reg.* 1894, pp. 162-3.

³³ Newham, *Hull as a Coal Port*, Tables, 35, 40.

³⁴ *Hansard* (4th Ser.), xix, 1193.

³⁵ *Annual Reg.* 1898, pp. 80-1.

³⁶ *Rep. of Select Committee on Subsidies*, 1902, pp. xviii, xix, xx.

³⁷ *Hansard* (4th Ser.), xlviii, 1495.

³⁸ *Hansard* (4th Ser.), lix, 1233.

³⁹ *Ibid.* lxvii, 624; lxviii, 302.

⁴⁰ *Ibid.* lxxiv, 229.

industrial paradise here as long as industrial hells existed elsewhere.⁴¹ The 'new unionists' who attempted an international organization met with very moderate success, and failed entirely in an attempt to bring about a simultaneous strike in the mines of Belgium and Northern France.⁴² More remarkable were the contributions of British mining federations to the Westphalian coal strike of 1905 and their attempts to prevent British competition during the strike.⁴³ Among capitalists, international conventions were increasing in number as the natural outcome of combination at home.⁴⁴ Yet racial feeling remained strong; and even while miners or shipowners met in conference and tobacco companies agreed to divide the world between them, national prejudices were combining with economic reason in agitations against the alien immigrant or the alien seaman.

If organized labour or capital had only succeeded in part, the State obtained no greater results. Success in international agreements as to the control of industry or trade was essentially dependent upon the universality of their acceptance. Speaking of a proposal for a European conference upon adulteration in foodstuffs, Lord Playfair pointed out that 'if a certain number of nations joined a convention it would mean the boycotting of nations left out; the experience of the Sugar Convention with France remaining out, must have shown that it was hopeless to try such a plan.'⁴⁵

Bismarck made an attempt to place on an equal footing the industries of European countries by means of a labour conference at Berlin in 1890. Most of the representatives of this country were drawn from the official and capitalist classes, amongst them being Sir John Gorst and Sir William Houldsworth, but two representatives of labour, Thomas Burt and Thomas Birtwistle, were also included. Resolutions were passed dealing with labour in mines, Sunday work, the employment of children, young persons and women. So far as England was concerned, however, Parliament was still struggling in 1895 to redeem the pledge to revise the half-time age.⁴⁶ Diplomacy failed to win from Belgium or Germany a prohibition of the export of prison-made goods expressly intended for the English market, where they had seriously affected the brush and mat trades.⁴⁷

Since international agreement was difficult to obtain, men turned to legislation at home. Labour and the agitation for protection combined were strong enough to wrest a law against the importation of prison-made goods⁴⁸ from the Unionist government, in spite of its regard for the interests of the consumer. It was with reluctance that Conservative and Liberal forsook the traditional policy of *laissez-faire* and committed themselves to definite intervention in commercial affairs. Even Gladstone, staunch supporter of 'free trade' in its widest sense, admitted in 1893 that it was

⁴¹ Delves, President of the Trade Union Congress, in *Ann. Reg.* 1894, p. 129.

⁴² *Ibid.* Chron. September 1893.

⁴³ *Econ. Jour.* xv, 133.

⁴⁴ Cf. the agreement between American and British Tobacco Companies in 1902 (Raffalovich, *Trusts, Cartels et Syndicats*, 364).

⁴⁵ *Hansard* (4th Ser.), xiii, 754.

⁴⁶ *Ibid.* xxxi, 182; xxxvi, 1030.

⁴⁷ *Ibid.* xxx, 1135; xxxvii, 459.

⁴⁸ Stat. 60 & 61 Vict., cap. 63.

then 'too late to urge non-interference with conclusive force'⁴⁹ upon the House which had committed itself to factory legislation, had lately given to a department of State the regulation of railway servants' hours⁵⁰ of labour and was about to place the revision of seamen's wages in the hands of the courts.⁵¹ Mr. Asquith probably represented the feeling of the time when in speaking on the Shop Hours Bill of 1893 he said, 'It is time for us to emancipate ourselves from the thralldom of economic abstractions,'⁵² and in 1895 that he saw 'a growing acquiescence in the necessity of calling in the 'State . . . not to initiate . . . but to supervise . . . industrial arrangements.'⁵³ Lord Salisbury in 1894 admitted the same principle of the necessity for State intervention upon occasion. 'Some things the State 'could do better than the individual . . . some the individual could do 'better than the State. . . . Each must be examined by itself.'⁵⁴

In the light of this new realization of the need for legislative action where the people were not free⁵⁵ to help themselves the controversy between the Lords and Commons as to the 'contracting out' clause of the Employers' Liability Bill becomes a struggle between the old theory and the new. With Lord Wemyss the majority of the Second Chamber took their stand on freedom of contract and the rights of individual freedom⁵⁶ and refused 'by 'meddlesome legislation to weaken the self-reliance of the British work-'man';⁵⁷ while the Commons recognized that the growth of great industrial associations was tending to extinguish the individual bargaining power of master or man.⁵⁸ They therefore agreed with the Liberals to correct the results of that tendency by abolishing the doctrine of common employment, or with Chamberlain to go further still and set up a universal system of industrial insurance under State control.⁵⁹ The Lords, however, defeated the intention of the Liberals. The government was not prepared to face the cost of Chamberlain's proposals,⁶⁰ but by the Workmen's Compensation Act of 1897 they made a compromise, setting up the Registrar of Friendly Societies as judge of schemes for compensation, benefit or insurance, and applying the Act to certain dangerous trades.⁶¹ This was an experiment,⁶² and was in keeping with the policy which brought intervention first to trades peculiarly situated, to the signalmen, whose long hours were a source of public danger, or to the seamen, over whose conditions there was already a peculiar control.

The attitude towards labour disputes was precisely similar. It involved a gradual change from the doctrine that the State must stand aside to the theory that intervention was a necessity and a duty. Interference was

⁴⁹ *Hansard* (4th Ser.), xi, 1859.

⁵⁰ Railway Regulation Act, 1893; Stat. 56 & 57 Vict., cap. 29.

⁵¹ Merchant Shipping Act, 1894; Stat. 57 & 58 Vict., cap. 60.

⁵² *Hansard* (4th Ser.), x, 733.

⁵³ *Ann. Reg.* 1895, p. 91.

⁵⁴ *Ibid.* 1894, p. 162.

⁵⁵ *Hansard* (4th Ser.), xx, 16.

⁵⁶ *Ibid.* xxxvi, 1686.

⁵⁷ *Hansard* (4th Ser.), xlviii, 1426.

⁵⁸ *Ibid.* viii, 7.

⁵⁹ *Ibid.* 1943.

⁶⁰ *Ibid.* 1966.

⁶¹ *Ibid.* xlviii, 1430.

⁶² Stat. 60 & 61 Vict., cap. 37.

first effected in particular cases upon peculiar grounds. Then legislative power was thought necessary in order to make intervention effective. Once possessed of authority to intervene, the Department of State extended its action to all cases alike. The first phase of the development came in the year 1893, when the country had been shaken by three great industrial contests. Speaking of the Hull Dock dispute Mundella said: 'It has always been the practice of the Board of Trade not to interfere in a labour dispute if they can possibly avoid it.'⁶³ He had with him a trade union leader, Mr. John Burns, who limited the functions of the State to showing 'a fair field and no favour.'⁶⁴ Yet the government looked with favour on unofficial attempts to secure industrial peace, especially during the strike of the Yorkshire and Midland Federation of Coal Miners against a reduction of wages in 1893, when the urgency of a settlement was increased by the Featherstone Riots and by 'the proposal to solve the problem by a Trust which would lead to serious social consequences and legislation against monopolies in necessities of life.'⁶⁵ Gladstone was driven by the national importance of the strike to suggest definite intervention by a Cabinet minister.⁶⁶ Lord Rosebery's action was confined to 'good offices to assist a friendly settlement'; but its success in bringing the parties together until a Conciliation Board should be established gave satisfaction to both sides. A Board was founded for the Federated District in 1894 which has not only been a means of preventing strikes in its own area but has become the pattern upon which Boards have been formed in other districts. In 1896, after several futile attempts at legislation, the Conciliation Act enabled the Board of Trade not only to register existing conciliation boards but also itself to inquire into disputes and to make provision for their prevention or settlement.⁶⁷

So far public opinion favoured the intervention of the State in fixing the hours, wages and conditions of labour. Further it would not go. The proposal to establish a Labour Minister put forward by the minority report of the Commission on Labour of 1894 was rejected on the ground that 'new departments were not to be multiplied without necessity.'⁶⁸ The proposal of the Miners' Federation to set up a separate Ministry of Mines was likewise rejected.⁶⁹ Still less acceptable was the suggested department 'to be occupied in altering or adjusting the industry of the nation.'⁷⁰ An Eight Hours Bill was thrown out year by year.⁷¹ The old theory of non-intervention with adult labour militated against Sir John Lubbock's Early Closing Bill,⁷² which did not become law till 1904.⁷³

Proposals for public labour bureaux were rejected,⁷⁴ although they were admitted to be useful in other countries.⁷⁵ In one respect only would

⁶³ *Hansard* (4th Ser.), xi, 439.

⁶⁴ *Ibid.* 450.

⁶⁵ Stat. 59 & 60 Vict., cap. 30. ⁶⁶ See Asquith in *Hansard* (4th Ser.), xxiv, 184.

⁶⁷ *Ibid.* xxvi, 959.

⁶⁸ *Ibid.* xix, 1182.

⁶⁹ *Ibid.* xi, 1841.

⁷⁰ *Ibid.* xxxvii, 675.

⁷¹ Sir Albert Rollit, *ibid.* xix, 210.

⁷² *Ann. Reg.* 1893, p. 269.

⁷³ Stat. 4 Edw. VII, cap. 31.

⁷⁴ *Hansard* (4th Ser.), viii, 763.

⁷⁵ *Ibid.* xxii, 92.

the government take the initiative. That was in providing information. After reorganizing the labour department within the Board of Trade,⁷⁶ Mundella began the publication of the *Labour Gazette*, depending for its information not only upon official sources but also upon local correspondents in the various industrial centres of Great Britain.⁷⁷ On a par with this movement was the issue of a journal by the Board of Agriculture and the publication of meteorological reports at certain post offices for the benefit of agriculturists.

At the same time the growth of a distinct Labour party tended to bring industrial questions to the forefront. From 1874 onwards the representatives of trade unionism in Parliament had been content to act with, or accept office under, the Liberal party. Thus Henry Broadhurst had been Under-Secretary in the Home Department under Gladstone in 1886, and Thomas Burt became Secretary to the Board of Trade in 1892. About 1890 the cleavage between 'old' and 'new' Trade Unionists on the Eight Hours and other questions⁷⁸ resulted in the formation of a distinct labour interest represented in Parliament by Keir Hardie and J. H. Wilson.⁷⁹ The Independent Labour party at its first conference, 13 January 1893, declared its object to be 'to secure the collective ownership of all the means of production, distribution and exchange,' and accepted as a preliminary programme the abolition of overtime, piecework and child-labour, the eight hours working day, adult suffrage and payment of members in addition to other purely socialistic measures.⁸⁰

While industrial depression rendered the condition of the labouring classes urgent, their leaders were encouraged to press upon the government measures of direct intervention such as the establishment of State or municipal workshops for the unemployed.⁸¹ With the return of prosperity in 1895 the interest of labour in politics flagged until adverse legal decisions, especially that in the Taff Vale Railway case, stimulated trade unionists in a fresh effort to influence the legislature.⁸² In 1900 the Trade Union Congress joined with the Independent Labour and other associations of purely socialistic tendency in drawing up a scheme for increasing the number of labour members of Parliament. The committee thus formed was called the Labour Representation Committee, and at the election of this year two of their candidates were elected. They were more successful in 1906, when twenty-nine of their candidates were returned. With this success the committee adopted the name of the Labour party, which soon became 'a reality and 'a power in politics.'⁸³ The development of such a party was opposed to the tendency of statesmen of the *laissez-faire* school to ignore entirely the claims of the industrial classes. The growth of corporate organization,

⁷⁶ *Hansard* (4th Ser.), viii, 763. ⁷⁷ *Ibid.* xiv, 300; xvii, 718. ⁷⁸ *Ann. Reg.* 1890, p. 183.

⁷⁹ Humphrey, *Hist. of Labour Representation*, 126.

⁸⁰ *Ann. Reg.* 1893, pp. 8-10.

⁸¹ *Hansard* (4th Ser.), xiv, 1143; xvi, 1734; xvii, 941; xviii, 1689; xix, 1182.

⁸² Twelve Labour and Labour-Liberal members were returned in 1895, twenty in 1900. All the Independent Labour candidates were defeated in 1900 (Humphrey, *op. cit.* 136, 193).

⁸³ Humphrey, *op. cit.* 142, 156, 163.

both among employers and employed, led to further troubles, which were particularly noticeable in the engineering trades. Here competition and the application of scientific knowledge presented many difficulties that were only settled by the great engineering strike of 1897-8, the main result of which was the explicit recognition of the principle of collective bargaining.⁸⁴

In the organization of industry Great Britain's development had been slower than that of some of her great rivals. The effect of organized production on commercial rivalry was felt by agriculture. The Royal Commissioners on Agricultural Depression in the United Kingdom, appointed in 1893,⁸⁵ were unanimous in the opinion that the difficulties experienced by the British farmer were due in the main to low prices.⁸⁶ The majority reported that the fall in prices was directly connected with increase in the intensity of foreign competition,⁸⁷ while a bimetallist minority argued that the depression was felt universally in gold-using countries, but not in India or the Argentine, where a currency of silver or paper was in use,⁸⁸ and that in the case of wheat, at least, it could not be due to over-production, since a decrease of the world-crop in 1892 was accompanied by a further fall in prices.⁸⁹ In spite of the almost universal nature of the depression which caused large tracts of England to fall out of cultivation,⁹⁰ other countries continued to export to England great quantities of agricultural produce. Both in the period of depression and of prosperity the imports of butter, eggs and bacon tended to increase.⁹¹ It was pointed out from time to time that Danish products in particular were enabled to compete favourably even in government contracts⁹² by the high degree of organization to which Danish farmers had attained through their co-operative and factory systems.⁹³ Continental co-operative societies for production and sale supplemented by co-operative credit banks had been recently further organized by the establishment of federations of such societies.⁹⁴ In England and Wales two attempts had been made by Lord Winchilsea to secure organization amongst all classes of agriculturists.⁹⁵ The National Agricultural Union formed by him in 1893 had amongst its objectives the encouragement of co-operation between producers and consumers;⁹⁶ but practical work was set aside for political agitation, the readjustment of local burdens or the reduction of railway rates.⁹⁷ The second attempt, intended to abolish the profits of the middleman, was the British Produce Supply Association,

⁸⁴ Ashley, *Econ. Organisation of England*, 171, 190.

⁸⁵ *Hansard* (4th Ser.), xvi, 1102.

⁸⁶ *Final Report of Roy. Com. on Agric.* [*Parl. Papers*, 1897, xv].

⁸⁷ *Ibid.* 55.

⁸⁸ *Ibid.* 160, etc.

⁸⁹ *Ibid.* 160; *Hansard* (4th Ser.), xxx, 226.

⁹⁰ *Final Report of Roy. Com. on Agric.*, Maps.

⁹¹ *Hansard* (4th Ser.), xxxvi, 731; G. A. Pratt, *Organisation of Agric.* 17, 19, 30, 35, 178.

⁹² *Hansard* (4th Ser.), xxv, 1213.

⁹³ *Ibid.* xxx, 19, 173, 359; xlv, 453.

⁹⁴ For Germany, Consular Report quoted by Pratt, *op. cit.* 54; in France 'L'Union Centrale des Agriculteurs' was established 1886; cf. Pratt, *op. cit. passim*.

⁹⁵ Cf. *Hansard* (4th Ser.), viii, 313.

⁹⁶ *Ann. Reg.* 1893, Chron. 5 January.

⁹⁷ *Hansard* (4th Ser.), viii, 43; xxx, 173; cf. the Agricultural Conference of 1892, out of which grew the Union (*Ann. Reg.* 1892, p. 171; Pratt, *op. cit.* 29).

founded in 1896.⁹⁸ It was hampered by lack of local associations, and it was not till 1901 that an effective system for promoting co-operative societies and credit banks was established in England and Wales by the amalgamation of the National Union with the British Agricultural Organization Society.

In Ireland, the most purely agricultural member of the United Kingdom, agrarian organization came earlier than in England and Wales. This was chiefly due to the efforts of Mr. (now Sir) Horace Plunkett, who introduced the co-operative dairy system about 1890⁹⁹ and subsequently founded the Irish Agricultural Organization Society.¹⁰⁰

In commerce, as opposed to agriculture, the tendency towards organized combination was apparent in the association for the purpose of sending out commercial missions, such as that of Lord Charles Beresford to China in 1898, on behalf of the Associated Chambers of Commerce.² A growing sense of the commercial importance of consular work³ led to the appointment in 1899 of special commercial agents to Russia, Switzerland, China, and America.⁴

With science as with organization British methods contrasted unfavourably with those of her more important competitors. Speaking in 1896 Sir Albert Rollit said that 'in the scientific basis of many of our trades we were 'becoming very greatly behind many other nations,' instancing the export of refuse and other products to Germany to be scientifically treated and reimported in the form of glue or of aniline dyes.⁵ The application of science to industry was increasing continuously, notably in Germany, where not only were large sums of public money expended on research for this purpose but also considerable numbers of private manufacturers employed research chemists, as, for example, in the treatment of coal-tar.⁶ The establishment of the beet-sugar industry was to a large extent the outcome of scientific research, as was the use of potatoes in the manufacture of motor spirit and starch.⁷ In England the greatest scientific achievements of the period were the invention of the automatic loom, designed to feed itself with weft, in 1894,⁸ and the application of electric power to traction,⁹ and subsequently to industry in general.

It was universally acknowledged that commercial organization and the application of scientific research to industry were necessarily dependent

⁹⁸ Pratt, *op. cit.* 291.

⁹⁹ *Ibid.* 269.

¹⁰⁰ *Cambridge Modern History*, xii, 88. See *post*, chap. xii.

¹ *Bd. of Trade Journal*, *ut sup.*; *Ann. Reg.* 1898, Chron. 24 August; *ibid.* 1899, p. 29.

² Beresford, *The Break-Up of China*, 447.

³ *Ibid.* xvii, 1508; xxxix, 45; xlv, 442; liii, 363.

⁴ *Ibid.* lxxv, 1280.

⁵ *Ibid.* xlv, 438.

⁶ Balfour at Sheffield, quoted by Gastrell, *Our Trade in the World*, 1885-95, p. 28.

⁷ Pratt, *Organisation of Agric.* 45.

⁸ These looms are not so suitable for our work as for American produce and the economies are not so great as were anticipated (Brassey and Chapman, *Work and Wages*, i, 184).

⁹ Numerous Acts for electrification of tramways were passed between 1892 and 1900. The Electrical Western Railway, Liverpool, was opened in 1893 (*Ann. Reg.*, Chron. 4 February 1893).

upon the educational system of the nation,¹⁰ that 'higher education must 'provide the intellectual capital which agriculture, industry, and trade 'require';¹¹ and that 'you cannot build up a system of technical and 'commercial education unless you have some sound foundation for elementary 'education.'¹² State aid for technical education had already been established.¹³ The attempts to systematize the relations of the State with higher education began with the appointment of a Royal Commission on Secondary Education in 1894¹⁴ and were stimulated by comparison with continental systems, especially with that of Germany.¹⁵ The Education Bill introduced by Sir John Gorst in 1896 was intended to decentralize the administration and to secure 'co-operation and correlation' between the complex authorities, the Charity Commissioners, Science and Art Department, Education Department, and Board of Agriculture, the County Councils, local committees and others, which dealt with secondary education in its widest sense.¹⁶ The clauses which were meant to relieve the financial strain placed upon voluntary schools and certain necessitous Board schools by the growing demand for efficiency brought the Bill to the 'forefront of political controversy.'¹⁷ The number of amendments, due in great part to sectarian differences, was very large.¹⁸ The government was obliged to withdraw the Bill and to attempt its accomplishment piecemeal,¹⁹ beginning with the relief of the urgent financial necessities of elementary schools, by the Voluntary Schools and Elementary Education Acts of 1897,²⁰ continuing with the establishment of the Board of Education in 1899²¹ and completing the organization of educational authorities by the Education Act of 1902,²² under which County or Borough Councils replaced the former School Boards and attendance committees and also combined the regulation of secondary with elementary education.

In university life this general tendency towards organizing education for national and commercial purposes appeared in the establishment of a Welsh University in 1893²³ and the institution of a teaching university for London in 1898.²⁴ The federal Victoria University, which provided higher education in the great industrial centres, was split up in 1903 into its former constituent parts and the Manchester, Liverpool, and Leeds Universities were established. Birmingham and Sheffield Universities were also founded.²⁵ These last, and especially that of Birmingham, where a faculty of Commerce

¹⁰ *Hansard* (4th Ser.), liii, 64; lv, 610, 614; cf. *Final Rep. of Roy. Com. on Agric.* 1897, pp. 151-4.

¹¹ Lord Playfair in 1896 (*Hansard* [4th Ser.], xliii, 429).

¹² Sir John Gorst in 1898 (*ibid.* lix, 605).

¹³ See Technical Instruction Acts, 1889, 1891. ¹⁴ *Ann. Reg.* 1894, Chron. 2 March.

¹⁵ *Hansard* (4th Ser.), xxii, 92; xxix, 183; xxxiii, 27; xxxvi, 731; l, 540; lxi, 552.

¹⁶ *Ibid.* xxxix, 526, 539.

¹⁷ *Ibid.* 568.

¹⁸ *Ibid.* xli, 862, 1074 *et seq.*

¹⁹ Stat. 2 Edw. VII, cap. 42.

²⁰ Founded by Royal Charter, 30 November, 57 Vict. (1893).

²¹ Stat. 61 & 62 Vict., cap. 62.

²² *Ann. Reg.* 1900, Chron. 31 May; Palgrave, *Dict. of Political Econ.* iii, 711.

¹⁹ *Ibid.* xlv, 926.

²⁰ Stat. 60 Vict., cap. 5, 16.

²¹ Stat. 62 & 63 Vict., cap. 33.

formed part of the scheme, have tended to correct the balance of 'insufficient attention paid to the international economic struggle' by the older universities.²⁶

With the great increase in the world's output there came a constant seeking for new markets and a struggle to develop those already established. It had begun with the 'scramble for Africa'; it continued with the efforts of France to set up a commercial interest in the East; it included the development of South American trade by the United States; finally it involved the great trading nations of the world in attempts to capture the trade of China.

The Radical attitude towards any efforts to push British commercial interests is represented by the saying of Labouchere in 1893: 'If we engage in interventions . . . abroad . . . we impede the march of domestic policy at home,'²⁷ and of Sir Henry Campbell-Bannerman in 1899: 'The danger of . . . this expansiveness is that it withdraws the energies and enterprise of our countrymen from markets which they used to control . . . in the vain pursuit of a will-o'-the-wisp of a market which does not exist and may not exist for years to come.'²⁸

To this the 'forward' party replied that England depended for her very subsistence upon the 'gigantic trade created by the policy of expansion.'²⁹ The position of the Liberal government is illustrated by its unwilling retention of Egypt³⁰ and Uganda³¹ under the force of circumstances and by the delay which attended the reluctant construction of the Mombasa railway, absolutely essential though it was to the commercial prosperity of British dependencies in East Africa.³² The Conservative party took a more active part in promoting commercial interests abroad. 'It is the duty of the government,' said Lord Salisbury, 'to spare no opportunity of opening fresh outlets for the energy of British commerce and enterprise.'³³ All recognized the pressure of protectionist rivals whose doctrines, strengthening in practice year by year, 'operated to the exclusion of British commerce wherever their power extended.'³⁴ Great as was the pressure of competition, Liberal and Conservative politicians, as well as the merchants involved in the struggle, clung to the principle that wherever British influence was established trade should be equally free to all nations.³⁵

Especially in China, British diplomats struggled for the principle of the 'open door.' Yet of necessity new conditions led to certain modifications of policy. Even in China British statesmen were forced by circumstances to accept the existence of 'spheres of commercial interest,' though they protested against 'spheres of political influence,' and left their own sphere, the Yang-tse Valley, open to all traders.³⁶ The anxiety of rival nations to secure a monopoly of trade in certain districts had its British counterpart

²⁶ Blennerhassett, *University Education in England, France, and Germany*, 19.

²⁷ *Hansard* (4th Ser.), viii, 456.

²⁸ *Ibid.* lxvii, 515.

²⁹ Chamberlain in *ibid.* x, 592.

³⁰ *Ibid.* viii, 1; xi, 1635.

³¹ Beresford, *Break-up of China*, 443.

³² Mr. Balfour in *Hansard* (4th Ser.), lvi, 1583.

³³ *Ibid.* xxiii, 181.

³⁴ *Ibid.*

³⁵ *Ibid.* xxx, 698.

³⁶ *Ibid.*

in a desire to forestall rivals with a view to preventing exclusion.³⁷ In 1898 it was said, 'we have been extending our responsibilities . . . over great areas . . . faster than we could collect forces to make sure that those territories would be secured to us. . . . Our hands have been forced. . . . According as new territories have been opened by other European Powers in Africa, the first thing done is to close them to our trade.'³⁸ The same proceeding is seen in the wresting from China of numerous industrial concessions for which no capital was available, until at last the Chinese government insisted upon some substantial progress as a condition for further grants.³⁹

In China were present all the new forces of commercial rivalry. 'British commerce, once the only occupant of the field,' had now (1899) to face 'competition and adverse political influences.'⁴⁰ The British monopoly had ceased during 1897-8 with the approach of Russia in the North, Germany in the Shantung Peninsula, and France in the South, and with the expansion of Japan in the East. Still, the trade of Great Britain was predominant, treaty rights gave her the position of a 'most favoured nation,' and a British subject administered the customs department of the empire. Her interests were commercial, not territorial.⁴¹ Her policy was directed towards 'freeing and increasing' the trade with China as a whole.⁴² This was Lord Salisbury's object in negotiating the agreement of 1898, whereby internal waterways should be free to foreign steamers of every nationality and a new port opened at Hu-nan.⁴³ It was hoped that the policy of the 'open door' would be 'a complete security against international rivalries . . . and would lead in the long run to the quickest development of China'⁴⁴ as a market for the produce of every nation. The hope was not realized. The Blue Book of 1899 was a record of continued struggle at Peking of one power against the concessions given to another.⁴⁵ The integrity of the Chinese Empire was threatened. Security and confidence, essential conditions for a thriving commerce, were shaken. In the desire to ensure these two things needful for the very existence of trade, Lord Salisbury made an apparent departure from our former policy. He demanded the cession of Wei-hai-Wei as a strategic counterbalance to the Russian station at Port Arthur,⁴⁶ and he recognized the Yang-tse Valley as the British sphere of commercial interest.⁴⁷ By obtaining from China a promise that this central portion of the country should not be alienated to any nation, he thought to secure the integrity of the Chinese Empire. By permitting Belgian railway concessions within the Valley he showed the genuineness of his desire to retain freedom of commerce.⁴⁸ It was not until 1900 that American diplomacy drew from the rival powers unanimous assent to the principle of equality of tariffs, customs and railway

³⁷ *Hansard* (4th Ser.), xxv, 151; lxvii, 518.

³⁸ Sir Edward Grey in *ibid.* liv, 148.

³⁹ *Ibid.* lxxxi, 884.

⁴⁰ Beresford, *op. cit.*, 409.

⁴¹ *Ann. Reg.* 1898, p. 3.

⁴² *Hansard* (4th Ser.), liii, 40.

⁴³ *Ibid.* liv, 31.

⁴⁴ Sir Edw. Grey in *ibid.* lxvi, 241.

⁴⁵ *Ibid.* lxviii, 1440.

⁴⁶ *Ibid.* lvi, 171.

⁴⁷ *Ibid.* 1560.

⁴⁸ *Ibid.*

rates.⁴⁹ It was then too late to set up an open market in China with any degree of safety. An anti-foreign reaction had set in, and the Boxer risings for a time excluded China from the markets of the world.

Commercial expansion, which sought an outlet in the development of the Eastern markets, turned also to the interior of South Africa. It had been the policy of Lord Salisbury to hand over to trading companies the territories assigned to Great Britain by European convention. The companies served their purpose, as similar companies had previously done in some of our other colonies, as a preliminary means of opening out the country before it could be entrusted with self-government.⁵⁰ They bore the initial cost of pioneer work, the making of roads and railways, the setting up of telegraphs; they met the first difficulties with natives; by hard experience they learned to cope with the natural conditions of strange climates and soils. Individual Englishmen, such as Sir George Goldie or Cecil Rhodes, working through the companies, were enabled to give effect to their generous ambitions for the extension of the empire. Although the main purpose of the companies was commercial, it was for a future rather than a present trade that they worked. It is not, therefore, surprising that neither the British South Africa Company nor the British East Africa Company met with real financial success; while the prosperity of the Royal Niger Company was largely due to its breaking the spirit of its charter and establishing what was practically a trading monopoly.⁵¹ Yet all three companies attained what was probably the object of their promoters. They established in the African interior the beginnings of commercial settlements, 'potential markets' for British goods,⁵² and 'opened a highway for English manufactures.'⁵³

The disadvantages of this system were chiefly political. The administrators of the companies had wide powers over great territories. They raised troops, made treaties, waged native wars. Their unauthorized action brought the Imperial government to the verge of war on more than one occasion. The Jameson Raid hampered the home government in its dealings with the Transvaal Republic for several years. It delayed that commercial union between the States of Southern Africa which was one of the very objects of the raid, at least in the view of Rhodes.⁵⁴ As its direct consequence the British South Africa Company was deprived of the greater part of its administrative powers.⁵⁵ Similarly, it was the intervention of servants of the British East Africa Company in Uganda that forced the

⁴⁹ *Hansard* (4th Ser.), lxxx, 849.

⁵⁰ *Ibid.* lvi, 540.

⁵¹ *Ibid.* xxviii, 1470; xlvi, 435. See debate on Royal Niger Co. monopoly by Lawrence, member for Liverpool, in Sept. 1893. The monopoly was denied by Lowther. *Ibid.* xvi, 517 *et seq.*

⁵² *Ibid.* xxvii, 1319.

⁵³ *Ibid.* viii, 572.

⁵⁴ *Ibid.* 898. The Raid (29 Dec. 1895) arose owing to ill-feeling at Johannesburg between the Uitlanders, led by Cecil Rhodes, premier of the Cape, and Paul Krüger, president of the South African Republic. It was precipitated owing to the receipt by Dr. Jameson, administrator of Rhodesia, who was in charge of the expedition, of a supposed fabricated letter calling on him to protect the women and children of the Rand against armed Boers. The raiders had to surrender to Boer forces and the leaders were tried in England and convicted.

⁵⁵ *Ibid.* li, 1174.

hand of the Liberal government and made the retention of the country a necessity.⁵⁶ The financial failure of the company in 1895 left the Imperial government with no alternative but to take over the country it had administered.⁵⁷ On the western coast the Royal Niger Company had been more prosperous; yet the rivalry between its interests and those of French colonists in its neighbourhood put so great a strain upon the relations of the two countries⁵⁸ that from purely political reasons all administrative powers were taken from the company in 1899 and its energies limited entirely to trading.⁵⁹

The commercial value of Africa depended to a large extent upon her great waterways. To the British South Africa Company is due the British influence upon the Zambesi, the Royal Niger Company kept open the valley of the Niger, the British East Africa Company worked in Uganda for the opening of the headwaters of the Nile. The 'Forward Party,' coming into office in 1895, gave effect to a similar policy on the Nile itself. Previously the only national interest of Great Britain in Egypt was to keep the highway to India clear⁶⁰ by setting up a sound government secure against foreign aggression.⁶¹ The country's material prosperity had been enhanced and its taxation set upon a sound basis during British occupation.⁶² Politically and commercially 'Egypt would be entirely under the 'control of any power on the Victoria Nyanza who could regulate the whole 'water supply of the country.'⁶³ The advance of engineering science made the control of the great river more necessary than before.⁶⁴ The reconquest of the Sudan in 1895-8 was undertaken on the ground that it was essential to maintain for Egypt the main stream of the Nile.⁶⁵ While the chief object of the reoccupation was defensive, to prevent the Upper Nile from falling into the hands of another nation which would cut off the supply for Egyptian cotton,⁶⁶ its contribution to the opening up of new trade routes was not forgotten.⁶⁷ The light railway from Wady Halfa to Abu Hamed, built primarily for military purposes, was also intended as a 'commercial highway 'of great importance between Egypt and the interior.'⁶⁸ Its founders regarded it as a part of that great trans-continental route which was the dream of Rhodes and other imperialists.⁶⁹

It was to their colonies that the trading nations looked to provide a natural market for their goods. Protectionist countries established monopolies in their colonial markets by means of prohibitive tariffs. British self-governing colonies were for the most part protectionist. Until the movement towards preference was initiated by Canada and Rhodesia the mother country stood in the same position in their markets as in those of a

⁵⁶ *Hansard* (4th Ser.), viii, 281, 378; xxiii, 181.

⁵⁷ *Ibid.* xxxiv, 1087.

⁵⁸ *Ibid.* liii, 93; liv, 640; lv, 544.

⁵⁹ *Ibid.* lxxiii, 1289.

⁶⁰ *Ibid.* xi, 1635.

⁶¹ *Ibid.* viii, 280.

⁶² *Ibid.* xi, 1660.

⁶³ *Ibid.* lxvi, 27.

⁶⁴ Ashmead Bartlett in *ibid.* xxxii, 390.

⁶⁵ *Ibid.* lxvii, 494.

⁶⁶ *Ibid.* liii, 37, 128.

⁶⁷ *Ibid.* lx, 276.

⁶⁸ *Ibid.* 241.

⁶⁹ Sir Mich. Hicks-Beach in *ibid.* xlv, 1447.

neutral country. The Crown Colonies, under a more direct control, were obliged to adopt the home policy of free trade; although, as has been seen, a dependency such as India was strong enough to carry a retaliatory measure against the bounty system. The revenue of Crown Colonies was generally raised from customs for purely fiscal purposes. One exception was the liquor duty on the West African coast, which was abnormally high in accordance with international agreement and for humanitarian reasons.⁷⁰

Until Chamberlain took office as Colonial Secretary in 1895 the attitude of the home government towards the Crown Colonies had been entirely passive. He viewed them in the light of 'undeveloped estates,' which needed Imperial assistance at the outset in order ultimately to benefit the empire.⁷¹ During the period of his office he set all his energies and initiative powers to the work of their development, seeking in it 'the solution of those 'social problems with which we are surrounded . . . the means of securing 'plenty of employment for the United Kingdom . . . by developing old 'markets and creating new ones.' Recognizing the primary need for capital, especially to provide means of communication, he brought in the Colonial Loans Act of 1899, whereby loans could be made to colonies for specified purposes under Imperial sanction.⁷² To this new policy was due especially the revival of the West Indies and great progress in the Crown Colonies of West Africa.

Thus, also, in the opening up of markets the home government was driven by the stress of competition to action contrary to the strict principles of free trade and *laissez-faire*. It modified its adherence to the 'open door' policy in China, and it intervened actively in the commercial concerns of British dependencies.

The means of exchange between trading nations grew in importance with the enormous development of international trade during the 19th century. England was particularly affected by such considerations on account of the wideness of her commerce, the great extent of her credit and her long-established position as a trading entrepôt. Since 1816 she had been a mono-metallic country with a single standard of value consisting of gold. In this respect her position was unique for more than half a century, but from 1872 other commercial nations adopted the gold standard or demonetised silver by restricting the freedom of coinage. The last decade of the century saw a complete revolution in the position of gold and silver as standards of value. A few countries only, such as China, the Argentine and Mexico, retained the silver standard, which had previously been almost universal.⁷³ As a result gold tended to appreciate and silver to depreciate, which, with the ordinary fluctuations due to cost and amount of production, caused great uncertainties in exchange, disadvantageous even to the trade of countries which derived immediate benefit from any particular change. Towards the close of the

⁷⁰ *Hansard* (4th Ser.), xxxvi, 633, 636.

⁷¹ Visct. Milner in *Life of Joseph Chamberlain*, 1914, p. 198.

⁷² Stat. 62 & 63 Vict., cap. 36.

⁷³ *Hansard* (4th Ser.), ix, 574; xv, 830.

century there arose a school of bimetallists who sought in international agreement the remedy for such fluctuations, which they set down to the adoption of single standards of value and to recent legislation, which had tended to give an artificial appreciation to the one metal at the cost of the other. They therefore advocated a double standard of value to be adopted by international agreement, whereby gold and silver should both be freely coined and both received as legal tender at a fixed ratio the one to the other.⁷⁴ But the difficulty of fixing a ratio proved insuperable in spite of the efforts of the world's greatest financiers to solve the problem.⁷⁵ International conferences met at Paris in 1881⁷⁶ and Brussels in 1892,⁷⁷ mainly at the instigation of America and France, to whose interest it was to re-establish the former position of silver.⁷⁸ England and other gold-using countries rejected any proposal to change the basis of their monetary systems on the ground that such an action would be a dangerous experiment,⁷⁹ although the advocates of bimetallism formed powerful parties in most countries. In England they included the agricultural interest, which attributed low prices to the appreciation of gold,⁸⁰ and the Lancashire cotton interest, to whom the use of cheap silver by the Indian manufacturer in paying the wages of his operatives seemed equivalent to a bounty on the Indian industry.⁸¹ But the strongest reason, perhaps, was the fluctuation or downward tendency of the rate of exchange, which decreased the sale of Lancashire cotton goods and other merchandise in India. These difficulties of exchange became very acute in India about the year 1893.⁸² They were due primarily to the divergence in value between silver and gold, the respective standards of India and the home country. They were accentuated by the probabilities of a change in American policy, which threatened to flood the Indian market with enormous quantities of silver and to drive down the value of the rupee, already much depreciated. The Indian government lost large sums of money yearly through the rapid fall in the price of silver and the rupee exchange, since its payments had to be made in gold in England. Fluctuations of the rupee made any certainty in estimating revenue or expenditure an entire impossibility. The Sherman Act, passed in the United States in 1890 to ensure the yearly purchase by the American Government of a large sum of silver,⁸³ appeared about to be repealed. The international conference of 1892 had failed to produce any agreement. Delegates of the Indian government had there advocated a bimetallic system. As an alternative the Indian government proposed to fix the value of the rupee by closing the mints and adopting a gold standard. A departmental committee, under the chairmanship of Lord Herschell, reported in favour of the proposal 'while conscious of its gravity.' In accordance with their

⁷⁴ *Hansard* (4th Ser.), xv, 830; xxxviii, 1181.

⁷⁵ *Ibid.* xxx, 1603; xxxviii, 1194; *Cambridge Mod. Hist.* xii.

⁷⁶ *Hansard* (3rd Ser.), cclxv, 648.

⁷⁸ *Ibid.* xv, 474, 1576.

⁷⁷ *Ibid.* (4th Ser.), ix, 574.

⁷⁹ *Ibid.* ix, 574 *et seq.*; xv, 1576 *et seq.*

⁸⁰ *Ibid.* viii, 637; xxiii, 359.

⁸¹ *Ibid.* xxi, 1134; cf. Palgrave, *Dict. of Political Econ.* i, 172.

⁸² *Hansard* (4th Ser.), xvii, 1848 *et seq.*

⁸³ *Ann. Reg.* 1890, p. 426.

suggestion it was announced in closing the mints (June 1893) that rupees would be coined at a fixed ratio in exchange for gold, and that gold would be received at the same rate in payment of public dues.⁸⁴ Six years later, by the Indian Coinage Act of 1899, gold was made legal tender in India ; but no gold currency was established.⁸⁵ The closing of the mints was admittedly in the nature of an experiment and a makeshift.⁸⁶ The rupee acquired a fixed artificial value and the promoters of the measure regarded the temporary dislocation of trade which followed it as more than balanced by the saving of India from a serious financial crisis.⁸⁷ While these measures mitigated Indian agitation for a bimetallic system, the adoption of a gold standard by Japan and the opening up of China for the establishment of industries with foreign capital under the Shimonoseki Treaty (1895) lessened the disadvantages of silver depreciation in British trade with the East.⁸⁸ In the meantime the failure to attain any form of international agreement and the proof by the example of America that no single nation could establish a bimetallic system with success put bimetallism outside the range of practical politics.⁸⁹ Doubtless the influx of gold from South Africa, the extension of the credit system, and the establishment of clearing houses in great commercial centres, combined with an increased use of 'telegraphic transfers,' contributed to the same result. Already in 1895 Sir William Harcourt was able to say that 'England conducts the greatest trade in the world upon the 'smallest metallic basis of any country, because it has the largest credit,' and that 'metal is not the instrument of trade now, whether silver or gold.'⁹⁰

The close of the century saw a definite change in the national attitude towards commerce and industry, a considerable reaction from the cult of the economic theories of free trade and *laissez-faire*. Since the adoption of those principles by Great Britain a tremendous increase in the world's production, together with a growth of speed and cheapness in transport, had given rise to a corresponding development of international trade competition. Individual effort was stimulated thereby, labour and capital were organized, science was applied to trade ; but these methods were common to other competing nations, and they, contrary to expectation, had chosen to abide by methods of protection and restriction. It became obvious that, though fifty years of free trade had been to England a time of great wealth and prosperity, she was rapidly falling from the position of monopolist of the world's commerce to a foremost place only among formidable rivals, some of whom were apparently gaining upon her. Men of the new school were aware of this fact. They sought to adapt themselves to the new conditions by turning from an almost servile adherence to economic theories and judged the

⁸⁴ *Hansard* (4th Ser.), xvii, 1848-53.

⁸⁶ *Ibid.* xvii, 1883 ; xxxvi, 1706.

⁸⁵ *Ibid.* lxxiv, 470 ; lxxvi, 187.

⁸⁷ *Ibid.* xxvi, 525 *et seq.*

⁸⁸ Gastrell, *Our Trade in the World*, 149. By the Shimonoseki Treaty of Peace between China and Japan (17 April 1895) four new treaty ports were opened in China, and Japanese established at open ports and towns in China were permitted to engage in industries and manufactures. Under the most-favoured-nation clause these privileges were secured to other powers.

⁸⁹ *Hansard* (4th Ser.), ix, 633 ; xxvi, 538 ; xxx, 1595.

⁹⁰ *Ibid.* xxx, 1595.

correct attitude of the State towards commerce to be that of expediency alone. There was an obvious precedent for this position in the opportunism of free-trade legislators with respect to factory conditions. The movement was strengthened by the extension of the suffrage, which brought home to statesmen the burden thrown on particular industries by a strict adherence to economic principles. It was influenced by publicity which made it no longer possible to ignore the needs of distant dependencies or the industrial classes at home.

Parallel with this movement was the growth of practical socialism in politics demanding State intervention in every sphere of life. The alliance between Conservatives and Liberal Unionists brought together these two schools of thought—the opportunist and the collectivist, Salisbury and Chamberlain. The one stated his principles in 1894: ‘Some things the State could do better than the individual . . . some the individual could do better than the State. . . . each must be examined by itself.’⁹¹ The other expressed his opinion in 1896: ‘All the great offices of State are occupied with commercial affairs . . . and therefore it is not too much to say that commerce is the greatest of all political interests.’⁹² The immediate result of the alliance was an entirely new activity of the State in commercial and industrial matters, legislation on behalf of the adult labourer, the practical extinction of the theory of ‘freedom of contract,’ departmental intervention in labour disputes, State aid to colonial industries—in fact, the recognition of a national responsibility for the conditions of labour, production and exchange.

Meanwhile there arose a new realization of unity in the British Empire and colonial influences were making themselves felt at home. To this growth of Imperial feeling were due those attempts to establish a commercial bond of union which are the most remarkable feature in the opening years of the twentieth century.

⁹¹ *Ann. Reg.* 1894, p. 162.

⁹² *Ibid.* 1896, p. 205.

CHAPTER XI

THE MOVEMENT TOWARDS TARIFF REFORM

(1900—1910)

ON his return to England in October 1901 from the journey through the British dominions beyond the seas the Duke of Cornwall and York, the heir to the throne, delivered a weighty and statesmanlike pronouncement to the people of the United Kingdom. He summed up the impressions which contact with the younger nations of the Empire had made upon him in the stimulating and warning words, 'the Old Country must wake up.' And, indeed, there was need for the warning. The country, intent on the prosecution of the South African war, was feeling the competition of the United States and Germany, and the war taxation was a heavy burden on the resources of the people.

Sir Michael Hicks-Beach, the new Chancellor of the Exchequer in the Unionist ministry which came into power in October 1900, admitted in his budget statement that the increase of foreign trade was in value rather than in volume.¹ The revenue from wine was falling. Sugar would have to bear a duty of 4s. 2d. per cwt., although it had been imported free since 1874, when the duty on it had been abolished by Sir Stafford Northcote.

The Chancellor's proposal to levy a duty on exported coal aroused the liveliest opposition. This was a trade of comparatively recent growth, and had increased in quantity more than twelve-fold during the latter half of the nineteenth century.² It was argued by colliery proprietors and exporters that the tax would fall on them and not on the foreign buyer.³ In any class of coal in which there was a monopoly, such as Welsh hard steam, the exporters could recoup themselves by raising the price; this was true also to a lesser degree with the better kinds of Tyne coals, but to the exporters of the poor sorts of coal from Scotland and the Humber the duty would be a severe hardship. English coal was superior to that produced in Belgium and in the greater part of France, but it was equalled by much of the German coal. In eastern France German competition was serious, but for the rest of France we could hold our own. With regard to American competition, opponents of the tax declared that America had deprived us of the whole of the West Indian trade and was invading our markets in South America, and also had important European contracts.⁴

¹ *Hansard* (4th Ser.), xcii, 616. Commons, 18 April 1901.

² H. Stanley Jevons, *Foreign Trade in Coal* (Publ. of Dep. of Econ., Univ. Coll., S. Wales), 2; see also Ashley, *The Tariff Problem*, 100.

³ Col. Ropner in *Hansard* (4th Ser.), xciii, 536-7.

⁴ *Ibid.* 492.

While our Chancellor was handicapping British coal and shipping with this tax, the United States was proposing to give a bounty of two millions a year to her shipping. The easily worked coal of the United States could be sent to South America at prices with which we were unable to compete,⁵ and, though with respect to our coal trade with Europe the advantage of distance was in our favour, the low American railway rates, the special type of colliers that America was building, the nearness to the surface of American coal, and American energy and determination combined to make the United States very formidable competitors of Great Britain.⁶ The official view was that there was no need to fear the competition of the United States in European markets.⁷

Questions in Parliament, though not revealing much as to individual cases of decline, may be regarded as symptomatic of the growing anxiety with regard to the position of the iron and steel trades and the immense imports of iron and steel into this country. The operations of the American Steel Trust,^{7a} the threatened increase in German duties on imported steel, the high Russian import duties, which had compelled even Sheffield firms to erect factories in Russia, caused the Sheffield members to inquire whether the government proposed to prevent the migration of factories, capital, machinery and skilled manufacturers from England to foreign countries.⁸ The answer showed that, though the government were aware of the facts, they did not intend to take steps in the direction desired. A request, on 21 March 1901, for a return showing the number and nature of manufacturing works removed from this country to the United States met with an equally chilly response.⁹ The President of the Board of Trade found it impracticable to obtain accurate information on the point, and could not undertake to furnish the return. A month later¹⁰ the President in reply to a question stated that he had no information whether the firm of Harland & Wolff, of Belfast, had placed an order for manufactured steel to the value of £156,000 with Carnegie, of Pittsburgh. Only a day earlier¹¹ information was given that eight Dürr water-tube boilers had been ordered by the Admiralty from Germany at a cost of £19,450, and within the same week the Secretary of State for War admitted that defects had developed in certain field guns purchased in Germany.¹²

Another matter on which it was thought some injustice was done to home producers was the incidence of railway rates. Facility and cheapness in distribution were essential for the encouragement of every industry.¹³ To the allegations that British and Irish railways carried foreign goods at

⁵ *Hansard* (4th Ser.), xciii, 545.

⁷ *Ibid.* xciv, 809, 889.

⁶ *Ibid.* 822-3.

^{7a} The American Steel Trust was formed in 1901 by a combination of the principal American steel companies, both manufacturers of unwrought steel and of finished steel goods. It was necessitated by a competition, which threatened to become a 'steel war,' and in consequence of the payment of excessive dividends which had caused a deficiency of reserves. E. S. Meade, *Trust Finance* (New York, 1903), 193 *et seq.*

⁸ *Hansard* (4th Ser.), xci, 712.

¹¹ *Ibid.* 907.

⁹ *Ibid.*

¹² *Ibid.* 1430.

¹⁰ *Ibid.* xcii, 1075.

¹³ *Brit. Industries* (ed. Ashley), 160.

from half to two-thirds less than the charge for home goods, and that the charges for the carriage of coal on English railways were three times as great as those of Belgium and Germany, the President of the Board gave an unsympathetic reply.¹⁴ The fact was he had been constantly troubled with questions containing vague assertions regarding this matter. The cost of railway construction, it had to be remembered, was nearly double what it was on the Continent and four times as much as in America, besides which the longer the through journey the cheaper relatively could goods be carried.¹⁵ The railway companies further pleaded that, as in other business transactions, they had to charge what the traffic would bear.¹⁶ The President undertook to inquire into specific cases of complaint by or on behalf of traders, but could not make any general inquiry. Persistent questions on the subject, however, showed an uneasiness in the public mind with regard to what was believed to be the unfairness of railway rates to British trade.¹⁷

The condition of British shipping in the face of foreign competition was also attracting attention. In April 1901¹⁸ a Liverpool member asked for information with regard to the bounties paid by Germany and France to their chief lines of shipping, only to receive the cold comfort of a promise from the Foreign Office that the information would be supplied when it was collected. The matter was debated later in the month,¹⁹ when, attention having been called to our steamship communication with East Africa and the increase of German subsidies to their East African line of steamers, government appointed a select committee to inquire into the system of subsidies to steamship companies under foreign governments and their effects on British trade, and to consider and report on the political and commercial advantages to be gained by encouraging British steamships to circumnavigate Africa.

A few days later the member for Hartlepool raised the question of American tonnage dues.²⁰ Vessels entering the ports of the United States from, for instance, Holland and Denmark were exempt from tonnage dues, whereas such dues were charged upon British vessels entering those ports. He asked that, in view of the disproportion between the number of American ships entering British ports and those of British ownership entering American ports, representations might be made to the government of the United States to secure an alteration of the law, so that our ships might no longer be at a disadvantage in their ports as compared with those of other European countries. The Board's admission that our ships entering American ports paid tonnage dues because we exact light dues from American ships entering our ports did not greatly advance the knowledge of the House. The rest of the question was a matter for the Foreign Office. How the Foreign Office viewed this and kindred matters was shown in the following August in the

¹⁴ *Hansard* (4th Ser.), xcix, 599 ; ci, 1331.

¹⁵ A. D. Evans, *Brit. Railway and Goods Traffic. Is the Foreigner Preferred?* p. 14 et seq.

¹⁷ *Hansard* (4th Ser.), xcix, 599 ; ci, 1331.

¹⁸ *Ibid.* xcii, 343-4.

¹⁶ *Ibid.*

¹⁹ *Ibid.* 1141-74.

²⁰ *Ibid.* xciii, 262.

House of Lords.²¹ There was a feeling prevalent, Lord Lansdowne remarked, that it was inevitable that our trade should be squeezed out of existence in China, and should have to compete under unfair and unequal conditions, because many foreign powers gave assistance to their people which England did not afford so liberally. Yet competition with other powers occasioned by granting to railways and other enterprises subsidies and bonuses, was to be deprecated. It was expensive to the givers and not always an unmixed blessing to the recipients. After all, there was the comforting reflection that bounties developed trade, and of that trade England generally contrived to get her share.²²

A little earlier in the session the effect of German subsidies on British trade in China had been brought to the notice of the Board of Trade.²³ The President was reminded that the Director-General of the Hamburg-Amerika Line had stated that he expected an increase of trade in the Yang-tse Valley; that his company was co-operating with the North German Lloyd to establish a steamship line to carry the German flag up that river; further, that the Hamburg-Amerika Company had arranged for the establishment of regular services between Chinese ports. What steps, it was asked, in those circumstances, were the government taking to secure the dominant commercial position of British trade in those regions? The Board disclaimed any knowledge of the facts as stated.²⁴ The government was taking no steps. British traders must rely on their own efforts; they might, however, trust the government to do all in their power to secure for them a fair opportunity, so far as the general principles of our fiscal policy permitted.

In consequence of the great output of shipping between 1898 and 1901 there was a general depression of freight rates. This depression was especially felt in the Atlantic trade and led early in 1902 to the formation in America of the 'Atlantic Shipping Trust,' otherwise called 'The International Mercantile Marine Company.' This combination, with a capital of £34,000,000 sterling, proposed to acquire several large English lines of shipping,²⁵ numbering from 370 to 380 vessels, with a tonnage of upwards of 2,000,000 tons. Its objects were to raise freights and to control the shipping industry of the Atlantic. It consisted of capitalists who, already being in control of the great railways of the United States, would be able eventually to control practically the whole of the American trade. In April 1902 Sir James Woodhouse,²⁶ in moving the adjournment of the House with the object of eliciting what were the views of the government on the matter,

²¹ *Hansard* (4th Ser.), xcvi, 1361.

²² *Ibid.* 1362.

²³ *Ibid.* xciv, 1462.

²⁴ *Ibid.* 1463.

²⁵ The lines purchased were the White Star Line of the Oceanic Steam Nav. Co. the Leyland Line; the Atlantic Transport Co., combining several smaller companies; the America Line, combining the old Inman Line and the Dominion Line. Working agreements were also made with the Hamburg-Amerika Co. and the North German Lloyd Co. An arrangement was also made with Harland & Wolff, shipbuilders of the White Star Line and part owners of the Holland-America Line (Macrosty, *Trust Movement in Brit. Industry*; 1301-3). The Cunard and Allan Lines remained outside the trust. For a criticism of the financial side of the operation see E. S. Meade in Ripley, *Trusts, Pools and Corporations* (New York, 1905), pp. 105-20.

²⁶ *Hansard* (4th Ser.), cvii, 458.

said he considered that great national interests and serious effects to the trade of Great Britain were involved. America was gradually capturing our industries, especially those of steel and boot and shoe making. The formation of other great trusts was prejudicially affecting our food supply.²⁷

Mr. Gibson Bowles, member for King's Lynn, said it was notorious that many ships on the British register were owned by foreigners. The Standard Oil Company owned such ships. The National and the Red Star Line were also in foreign hands.²⁸ The importance of the Atlantic trade was indicated by its total of £176,000,000, which represented 20 per cent. of our whole trade.²⁹ It was to be feared that when the Shipping Trust had the control of these ships it would give them special rates for all freights brought to or received from the railways of the United States, with the result that everything gained by that combination of shipping and railway interests would be at the expense of the British carrying trade.³⁰ In the circumstances the imposition of an *ad valorem* duty on imports and the revival of the old Navigation Laws was advocated.³¹

The government deprecated discussion; they were alive to the importance of the question, and had collected a great amount of information, given under the seal of secrecy.³² The case was divided into two widely different portions. The first, which had caused considerable anxiety in this country, related to the position of armed merchantmen at the disposal of the Admiralty in time of war. The control of the Admiralty over these ships, it was declared, was as safe as if the combination had never taken place.³³ The second branch of the subject, namely the general effect on our maritime position of what had taken place, was more complex. The government, bearing in mind that the Transatlantic Shipping Combination was simply a trade combination of foreign capitalists, could not without prolonged and careful consideration depart from the traditional policy of the country of unrestricted competition, of individual enterprise, and of leaving each man to do his best in a free market. It made, however, a most important stipulation that freight rates were not to be unduly raised or to give a preference against British subjects. This marked a new development of State control of industry.³⁴

Mr. Russell Rea, member for Gloucester, a prominent shipowner, considered that the alarm and suspicion that had been excited in the public mind were ill-informed and disproportionate to their cause.³⁵ The shipping

²⁷ *Hansard* (4th Ser.), cvii, 461.

²⁸ *Ibid.* 463.

²⁹ *Ibid.* 466.

³⁰ *Ibid.* 467.

³¹ *Ibid.* 469-70.

³² *Ibid.* 472.

³³ The ships of the White Star Line were not to be transferred to a foreign registry without consent of the Board of Trade, and half the new tonnage built was to be of British registry. The Cunard Company was to remain under British control. Two new vessels of 24 and 25 knots speed were to be built in the United Kingdom, and they, as well as the whole Cunard fleet, were to be at the disposal of the Admiralty. The officers and three-quarters of the crews were to be British subjects, and half the crews of the two new vessels were to belong to the Royal Naval Reserve and the Royal Naval Fleet Reserve (Macrosty, *The Trust Movement in British Industry*, 306-7).

³⁴ *Hansard* (4th Ser.), cvii, 474; Macrosty, *op. cit.* 307.

³⁵ *Hansard* (4th Ser.), cvii, 477.

lines affected were cargo-carrying lines, conveying the produce of the western states to Europe. Formerly the separate arrangements made between the shipping lines and the railways conveying these goods to the ports of the United States had resulted in confusion and delay.³⁶ Lord Charles Beresford, member for Woolwich, took an entirely opposite view.³⁷ He dreaded the possibility that Americans would send to this country the whole production of their enormous trusts, with most serious results to our trade and commerce. He maintained that we were gradually losing our commercial supremacy at sea. Up to ten years ago we owned the shipping company with the largest tonnage. Now we ran third on the list.³⁸ Rather than revive the old Navigation Laws he would subsidize steamers to be built for the Canadian route, and use that route, believing that not all American traders desired to be under the Trusts and that many would be ready to use a cheaper and quicker route to Canada.³⁹

Mr. David MacIver, however, who had spent the best part of his life in the management of the Cunard Line, believed that the essence of the scheme was co-operation rather than absorption.⁴⁰ But the American system of protection had lessened the importance of our trade with the United States. The Shipping Combine, he said, was 'one of the messes in which our free trade system has landed us.'

The cautious and non-committal report of the Special Committee on Subsidies, presented in 1902,⁴¹ contained little that had not been brought out in Parliament. Its guiding principle appeared to be an echo of the government's fixed determination to depart as little as possible from the traditional policy of the country of leaving everything to individual initiative. But the Admiralty had had a word to say, and its suggestions embodied in the report were an evident confession that all was not well with British trade. The policy of the British Government had hitherto been to subsidize ships for postal and for Admiralty purposes only,⁴² and to exclude all considerations of the interests of trade, although it was recognized that rapid postal communication followed the lines of great commercial traffic, and that the subsidies paid by foreign governments to their shipping interests had included the encouragement of commerce.

The difference between the policy of the British Government and that of Germany was clearly presented. The North German Lloyd and the Hamburg-Amerika companies received subsidies for postal service to America; but in addition to these, which were on the same footing as the British postal subsidies, there were subsidies to the North German Lloyd for the services to Australia and the Far East, to the German East Africa company for their service to the Cape on both sides of South Africa, and to the Woermann Line for its service between German West Africa and Cape Town. As an instance of the effect of these subsidies it was asserted

³⁶ *Hansard* (4th Ser.), cvii, 478.

³⁹ *Ibid.* 486.

³⁷ *Ibid.* 484.

⁴⁰ *Ibid.* 491.

³⁸ *Ibid.* 485.

⁴¹ *Parl. Papers*, 1902, Rep. No. 385.

⁴² *Ibid.* p. iv.

that between 1895 and 1901 the tonnage of the North German Lloyd Company had increased from 217,000 tons to 476,000 tons.⁴³ It was also observed that the indirect bounties of Germany included exemption of all sea-going ships and equipments from customs duties, and preferential railway rates taking the form of largely reduced rates on all the German State railways on goods exported from Germany to East Africa or the Levant by the shipping lines serving those parts. The actual sea rates were the same in both German and British lines ; but it was stated that the indirect bounties mentioned were granted with the avowed object of building up the export trade of Germany.⁴⁴

British trade had been seriously affected by the aid thus given by foreign countries to their shipping industry. Our foremost position at sea was challenged. We were meeting with severer competition than we had ever experienced, but though the gross tonnage of the world had increased from thirteen to twenty-six million tons between 1890 and 1892, and the British proportion had sunk from 63·4 to 52·8 per cent., we had an actual increase of three tons for every ton of German increase.⁴⁵ It was claimed, therefore, that British shipping was holding its own creditably, in spite of the ominous facts that Great Britain had lost what Germany had gained of the Suez Canal traffic,⁴⁶ that during the previous decade (while the carrying trade between Great Britain and the Colonies had remained stationary and that between us and foreign countries had steadily increased in tonnage) the percentage represented by British shipping had steadily diminished. Sir Alexander Swettenham gave evidence, for instance, that the trade with Singapore had been rapidly increasing during the last twenty years, but the Germans and the Japanese had developed their trade 'very much more rapidly and very 'much more efficiently than we have.'⁴⁷ He attributed this development to the subsidies, and a consideration of the effects of subsidies on British trade suggests that his view was sound. The effects were that British manufactures were being displaced from foreign markets in consequence of cheaper or more convenient freightage offered by foreign steamship lines, and also that merchant vessels, induced by the bait of subsidies to escape from the Board of Trade rules regulating shipping, were being transferred to foreign ownership.⁴⁸ Other causes acting to the prejudice of the British shipping trade were the onerous nature of the Board of Trade regulations, the lighthouse dues payable by British ships, and the reservation by foreign governments of their own coasting trade to their own nationals.⁴⁹

But it was considered that the subsidies granted by foreign governments were a less important factor in the recent development of the shipping and trade of foreign countries than the commercial skill and industry manifested by their trading communities and fostered by their governments ; and adverse criticisms were directed against the inattention shown by our own

⁴³ *Parl. Papers* 1902, Rep. No. 385, p. v.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.* p. xv.

⁴⁶ *Ibid.* p. xvi.

⁴⁹ *Ibid.* p. xx.

⁴⁷ *Ibid.*

⁴⁸ *Ibid.* p. xvii.

people to the character and pattern of goods required in markets overseas. Subsidies, it was maintained, tended to restrict competition and to aid the establishment of shipping rings. Competition with commercial rivals on fair conditions and without the interference of governments is a more healthy condition, and likely to be more beneficial to a country than a system subsidized and controlled by the State. A general system of subsidies for services rendered would be, it was agreed, both costly and inexpedient. Only in special cases and for special Imperial considerations were they to be recommended.⁵⁰ Such are some examples of the state of anxiety with which thoughtful minds were considering the condition of British trade at the beginning of the twentieth century.

European finance had been gravely affected by the continuance of the South African war. Gold, owing to the cessation of the output from the Rand, was scarce and the British government had been a large borrower, having allotted in February 1901 £11,000,000 3 per cent. Exchequer bonds and created in April £60,000,000 new Consols at 94½.⁵¹ The great fall in Consols which began in 1898 still continued, business being done in July 1901 at 91, though there was a recovery in December of that year to 94¼. Foreign trade, on the other hand, though not quite keeping at the exceptionally high level of 1900, still showed in 1901 a volume which, with that single exception, was larger than that of any year in the history of British commerce. The total trade reached the enormous figure of £877,500,000, which was only 0·7 per cent. less than that of the preceding year.⁵²

The increasing competition of foreign trade drew attention to the quickly expanding markets in our colonies. The idea of encouraging colonial trade by means of preferential tariffs, which had for long been in the minds of statesmen, formed a definite shape at the Colonial Conferences instituted towards the end of the nineteenth century. These conferences were soon found to be a valuable means of affording the representatives of the self-governing colonies an opportunity of reviewing the policy of the Empire on such questions as political relations, commercial union and imperial defence. The first of them was held in London at the time of the Jubilee celebrations of 1887, and, although its time was mostly occupied with the consideration of imperial defence, the question of drawing the Empire and its parts closer together by fiscal arrangements was freely debated. The seeds thus sown soon matured. In 1894 the British Empire Trade Conference was held at Ottawa avowedly for the promotion of trade relations between Canada and Australasia but really for the discussion of the larger imperial policy of preference. To Canada the question was particularly important, for the time was approaching when a decision must be made whether she should cultivate trade with the Empire or the United States. Mr. Foster, the Canadian Minister of Finance, made an eloquent speech at the conference. 'If there is one object dear to us as public men or as citizens of our respective colonies,' he said, 'I think it is that the Empire of which we form a

⁵⁰ *Parl. Papers*, 1902, Rep. No. 385, p. xxv. ⁵¹ *Ann. Reg.* 1901, p. 235. ⁵² *Ibid.* 235-7.

part shall enter no period of decline ; that the glorious past which has been hers shall not be eclipsed by an old age of decrepitude and decadence, but that her mature old life, going out into the members of the body scattered over different parts of the earth, may continually renew itself and that the Empire as a whole may go on in an increasing ratio of progress, of influence and of prosperity.' He argued that if Great Britain and her colonies could be formed into a commercial union, whereby the trade between the different parts of the Empire would have a more favoured position than outside or foreign trade, immense benefit would immediately accrue to the Empire as a whole. It would lead to a strength and confidence which did not then exist. He had heard the question asked in Great Britain whether it was fair treatment that Canada should have free entry to British markets and should put a duty on goods sent back to her. His reply was that, although Britain gave an open market to the goods of Canada, it gave an equally open market to every competitor of Canada, and consequently was doing no favour to Canada for which a favour in return could be asked. Was there any theoretical reason why Britain should not treat her own colonies better than foreign countries ? There was certainly none in the attitude of foreign countries towards the commerce of Great Britain. If such arrangements could not for the moment be attained between Great Britain and her colonies, a commencement might be made between the colonies themselves. 'The union of the colonies in this matter is an idea which can be more speedily realized.'⁵³ There were, however, two hindrances to carrying out the policy outlined by Mr. Foster : the one was that imposed by the Acts of Constitution of the Australian colonies and the other the treaties with Belgium (1862) and Germany (1865).⁵⁴ It was against these restrictions that the resolutions passed at the conference were aimed. The first resolution declared that provision should be made by imperial legislation enabling the dependencies of the Empire to enter into agreements of commercial reciprocity, including power of making differential tariffs with Great Britain or with one another. The second maintained that provisions in treaties between Great Britain and foreign powers preventing such agreements should be removed.⁵⁵

The proceedings at the Ottawa Conference were reflected in the British House of Commons. In July 1894 Colonel Howard Vincent censured the government for rejecting Cecil Rhodes's proposal to admit British goods into the territories controlled by the British South Africa Company on more favourable terms than foreign goods.⁵⁶ He quoted Rhodes's own words, 'The world, finding that England is unrivalled in manufacture from the raw material, has of late years been devising schemes, by protective and prohibitive tariffs, to shut her out . . . and yet the most extraordinary thing is that when the English people are offered the privilege that south of the

⁵³ Rich. Jebb, *The Imperial Conference*, i, 175 *et seq.* This conference was of a somewhat different character to the other conferences. None of the British Ministry was present, the British Government being represented by the Earl of Jersey. The proceedings of the conference are dealt with by Jebb, *op. cit.* p. 133 *et seq.*

⁵⁴ See p. 244.

⁵⁵ *Hansard* (4th Ser.), xxvii, 1480.

⁵⁶ Jebb, *op. cit.* i, 171.

Zambesi their goods shall be admitted for ever on a fair basis their rulers absolutely refuse.' ⁵⁷ To which Mr. Sidney Buxton retorted that the proposal was rejected on the ground that it was a 'fair trade' offer, and that any alteration of our fiscal policy ought to be done deliberately.⁵⁸

The most important event of this period in the history of the Imperial Movement was the appointment, in 1895, of Mr. Joseph Chamberlain as Secretary of State for the Colonies.⁵⁹ The country was taken by surprise. Those, however, who had watched Mr. Chamberlain's career 'were aware ' of a gradual development in his views of the position of this country, which ' had been going on since his tenure of office at the Board of Trade.' Ideas of constructive policy were already in his mind ; there is a hint of them in his words, spoken on 21 January 1896,⁶⁰ ' I have long believed that the future of the colonies and the future of this country are interdependent, and that this was a creative time, that this was the opportunity which, once let slip, might never recur, for bringing together all the people who are under the British flag, and for consolidating them into a great self-sustaining and self-protecting Empire whose future will be worthy of the traditions of the race.' Speaking at the Canada Club on Colonial Federation on 25 March in the same year, and, as he was careful to explain, expounding his own views rather than those of the government, Mr. Chamberlain suggested the possibility of establishing throughout the Empire common interests of trade and common obligations of imperial defence.⁶¹ The success of the German Zollverein, which from a nucleus of two states combining for commercial purposes had laid the foundations of the modern German Empire, was not to be disregarded. Though a resolution, recently discussed in the Canadian Parliament, advocating a duty levied by the colonies and the mother country alike on foreign goods, could not be adopted, a basis of arrangement might possibly be found in the suggestion of Lord Ripon that a customs union might be established comprising the whole Empire, whereby all existing barriers to free commercial intercourse between the various members would be removed and the aggregate customs revenue equitably apportioned among the various communities.

Mr. John Morley, speaking at Manchester on 17 June 1896, opposed the idea of an Imperial Zollverein as being likely not only to injure our own trade but to sow the seeds of ill-will and friction with our colonies.⁶² But he was apparently not speaking for the whole of his party, for on 11 May ⁶³ Mr. David Lloyd George, member for Carnarvon, had proposed that tea grown in any part of His Majesty's dominions should be exempted from duty, in order to encourage the industry in those parts of the Empire which were not self-governing and as a practical step towards a British Zollverein. But the Chancellor could not afford so large a loss of revenue ; the proposal was protective in character and would exempt entirely from Imperial taxation a large number of people. Eventually the amendment, astonishing as

⁵⁷ *Hansard* (4th Ser.), xxvii, 1484.

⁵⁸ *Ibid.* 1485.

⁵⁹ *Mr. Chamberlain's Speeches*, i, 359.

⁶⁰ *Ibid.* 365.

⁶¹ *Ann. Reg.* 1896, p. 85.

⁶² *Ibid.* 144.

⁶³ *Hansard* (4th Ser.), xi, 1099.

coming from the opposition side of the House, was negatived,⁶⁴ after Mr. James Lowther had remarked that there was a time when the question of preferential advantage to British-grown tea was outside the range of practical politics.⁶⁵ Now, however, it was not so, since the Ottawa resolution and the representations of the self-governing colonies to the Imperial government.

At the second conference held in London during the festivities of the Diamond Jubilee of 1897 the colonial Premiers, in the hope of improving the trade relations between the mother country and the colonies, unanimously undertook 'to confer with their colleagues with the view of seeing 'whether such a result could properly be secured by a preference given by 'the colonies to the products of the United Kingdom.' Canada, however, had already adopted this course by its reciprocal tariff of that year (1897), whereby a reduction of an eighth (to be raised to a fourth in 1898) from the general tariff rates was granted on British goods. At the same time it was announced that these reductions would apply to any country that admitted the products of Canada on equal terms. Belgium and Germany at once claimed, under their treaties respectively of 1862 and 1865, the benefit of this preference. The British government had to admit that the commercial articles of those treaties, although not forbidding differential treatment by the United Kingdom in favour of British colonies nor by the colonies in favour of one another, yet did prevent differential treatment in favour of Britain by the colonies. As a consequence the benefits of the reciprocal tariff had to be extended not only to Germany and Belgium but as a matter of policy to France, Spain and other countries.⁶⁶

So apparent was the inconvenience of these treaties that the British government was forced to give notice to terminate them on 30 July 1898. On their denunciation the Canadian parliament superseded the reciprocal tariff by a British preferential tariff whereby a reduction of one-fourth (increased to a third in 1900) was given on the duties upon all goods, except wines, spirits and tobaccos, imported into Canada from the United Kingdom, Bermuda, British West Indies, British Guiana and any other British colony that would give reciprocal advantages to Canada. Under the last provision British India, Ceylon, New South Wales and the Straits Settlements were later added.⁶⁷

The trend of the government's policy alarmed and angered the Free Traders. Lord Rosebery, speaking on 1 November 1897 to the Manchester Chamber of Commerce, declared his belief that anything in the direction of an imperial commercial league would weaken the Empire internally and excite the permanent hostility of the whole world.⁶⁸ The British Empire was already the object of the suspicion of other nations, and if in face of that suspicion it were proposed to establish an Imperial Customs Union he warned his hearers that it would be something which all the nations of the world

⁶⁴ *Hansard* (4th Ser.), xlii, 943. ⁶⁵ *Ibid.* 936. ⁶⁶ *Ibid.* xxix, 174.

⁶⁷ Jebb, *op. cit.* i, 399; Ashley, *The Tariff Problem*, 145-6.

⁶⁸ *Ann. Reg.* 1897, p. 205.

would combine to destroy. It would be a challenge to every nation, a distinct defiance of the world, a perpetual incentive and irritation to war.

Mr. John Morley charged the government in the House, on 6 May 1898,⁶⁹ with surrendering the very foundation of our whole system of fiscal policy, to which the Colonial Secretary retorted that the policy of the open port and free trade were as between nations and not as between branches of the same nation. The only reason for the denunciation of the Belgian and German treaties was a desire to establish friendly communication between the members of the British Empire from which other nations were not necessarily excluded. Mr. Leonard Courtney (afterwards Lord Courtney), member for Bodmin,⁷⁰ had stated, truly enough, that the denunciation of the commercial treaties could only be intended to give fiscal freedom to the colonies. Mr. Chamberlain replied that the denunciation of the treaties was the consequence of the unanimous resolution of the colonial Premiers. Though the law officers had not ascertained whether the treaties were actually infringed by the act of the Canadian Parliament, that resolution was already in force and British goods were in receipt of 12½ per cent. advantage.⁷¹

Meanwhile the undertaking of the colonial Premiers to confer with their colleagues was bearing important fruit. The Australian Premiers on 8 March 1898⁷² resolved that any federal tariff should give a preference to the produce and manufactures of the United Kingdom. In default of a federal tariff they undertook to recommend their respective cabinets to alter the tariffs of the different colonies to the same effect. The new Canadian tariff went so far as to reduce by 25 per cent. the duty on refined sugar manufactured from raw sugar produced in British colonies or possessions.

A debate on the wine duties in April 1899 gave another opportunity of pressing the cause of preference. The colonists, it was agreed,⁷³ were our best customers and there should be some differentiation in their favour. Remission of the duties on colonial wine would only entail a sacrifice of £20,000 a year;⁷⁴ at the same time it would encourage trade between ourselves and the colonies. The government, however, declined to extend exemption even to those colonies from which the import of wine was small.⁷⁵ Sir Howard Vincent, a few days later,⁷⁶ reminded the House that Tasmania, New Zealand and Western Australia had Bills in preparation in order to give preference to the United Kingdom as Canada had done. Though not all directly concerned in the production of wine, they were all interested in the development of the Empire; and they viewed the proposed increase of the wine duty with alarm.

The Chancellor reminded the House that Victoria and South Australia, which were asking for the free admission into the United Kingdom of colonial wine, were levying heavy protectionist duties on such English goods as beer casks, staves, etc. On the third reading the narrow basis of our

⁶⁹ *Hansard* (4th Ser.), lvii, 615-19.

⁷⁰ *Ibid.* lii, 347.

⁷¹ *Ibid.* lxx, 88. The wine-producing colonies are Australia and Cape Colony.

⁷² *Ibid.* lxx, 93.

⁷³ *Ibid.* 958.

⁷⁴ *Ibid.* 353-4.

⁷⁵ *Ibid.* lxiii, 428.

⁷⁶ *Ibid.* lxxii, 871.

financial system was criticized by Mr. James Lowther, member for the Thanet Division of Kent.⁷⁷ The plan of abolishing duties between the states of the Empire and placing import duties on all foreign goods might be impracticable, he argued, but the question of preference had made great strides of late years, and that 'niggling and peddling system of finance without any reference to the promotion of trade between this country and its colonies, or the growth of food in this country,' was to be deprecated.

The critical condition of the sugar industry, the staple trade of the West Indies, and the determination of the government to do something for the relief of those venerable dependencies of the Crown, served to warn public opinion of the danger in which our colonial trade stood. In July 1902 the Colonial Secretary, proposing a grant of a quarter of a million in aid of the sugar industry of the West Indies, showed that the condition of those colonies had been a serious anxiety for years.⁷⁸

Many attempts had been made to get rid of the sugar bounties, which were the cause of the depression in the West Indies,⁷⁹ but all had failed until the Brussels Convention was recently signed. The convention, however, did not come into force until 1903, consequently another critical year had to be bridged over.⁸⁰ The advantage given by the bounties, estimated at £5 a ton, and the over-production of bounty-fed sugar, had so lowered prices that it was impossible for producers of cane sugar to sell without loss, and in most of the islands sugar estates would be shut up unless help were given.⁸¹

The Opposition declared that the government policy practically amounted to a countervailing duty, inasmuch as this was a free grant given not to suffering people but to a definite industry.⁸² If the Brussels Convention broke down, must England go on giving a quarter of a million annually to prop up a failing industry? Great distress would occur if the sugar industry failed, but that was not the only failing industry.

Sir Edward Grey struck a higher note.⁸³ He did not deny the benefits that we had derived from the sugar bounties; but though they had given us cheap sugar they had artificially lowered the price. Let anyone who felt qualms about the vote consider the problem England would have to face if the sugar industry in those islands should go. He did not desire that the House should have to face the problem of a Crown colony unable to pay its way.⁸⁴

The unsatisfactory condition of our Crown colonies in the West Indies was to be attributed to a definite cause which did not affect the prosperity of our self-governing dominions. The Australian colonies were quickly expanding in population and wealth, and the intercourse between their delegates and the representatives of the Dominion of Canada at the Imperial conferences showed the Australians the advantages which would

⁷⁷ *Hansard* (4th Ser.), lxxxii, 1463, 1467.

⁷⁸ *Ibid.* cxii, 290.

⁷⁹ *Ibid.* 295.

⁸⁰ *Ibid.* 297.

⁸¹ *Ibid.* 298.

⁸² *Ibid.* 300-1.

⁸³ *Ibid.* 305.

⁸⁴ *Ibid.* 309.

accrue to them by a federation of their 'six original states.'⁸⁵ There were many difficulties, however, to be overcome before this object could be attained, and it was one of the triumphs of Mr. Chamberlain's administration at the Colonial Office that he was able to carry the Australian Commonwealth Act⁸⁶ in 1900, after six months of unwearied patience in smoothing the differences between the Imperial authorities and the colonial delegates.⁸⁷ Immediately after the Federal government had been established it was confronted with tariff problems. Duties heretofore in force between the several colonies had been abolished and provision had to be made for their loss. Heavy duties were proposed on alcoholic drinks and tobacco; cane sugar incurred a duty of £6 a ton, and other sugar an impost of £10, with a drawback of £3 on sugar manufactured within the Commonwealth. The duties on imported woollens and cottons were less than the old duties, lighter, indeed, than the protectionist party had hoped they would be. Finally it was proposed that bonuses should be given on certain native industries. But there was no need for anxiety as to the solvency of the Commonwealth, for it soon became clear that the revenue had been underestimated and that the customs duties would yield over a third more than was anticipated.⁸⁸

It was with a feeling of confidence that the colonial ministers who were present at the coronation of King Edward VII in 1902 met together at the third and perhaps the most important of the Colonial conferences. Coming just after the conclusion of the South African war, in which the colonies had borne such a substantial part of the Imperial burdens and proved the sincerity of their sentiment for the mother country, the representatives of the self-governing states felt they were entitled to express their opinions on the policy of the Empire. They considered that the requisite condition for a real Imperial association was equality among the members. 'If you want us to help you,' Sir Wilfred Laurier had said a little while before, 'call us to your councils; if you want us to take part in wars, let us share 'not only the burdens but the responsibilities and duties as well.' Mr. Chamberlain met this call in his opening speech at the conference. 'Gentlemen,' he said, 'we do want your aid. We do want your assistance in the administration of the vast Empire which is yours as well as ours. The weary Titan staggers under the too vast orb of his fate. We have borne the burden for many years. We think it time that our children should assist us to support it, and whenever you make the request to us be very sure that we shall hasten gladly to call you to our councils. If you are prepared at any time to take any share, any proportionate share, in the burdens of the Empire, we are prepared to meet you with any proposal for giving to you a corresponding voice in the policy of the Empire.' Mr. Chamberlain further foreshadowed 'a real council of the Empire to which all

⁸⁵ The idea of a Commonwealth of Australia first arose when the home government disavowed the attempt of Sir Thomas M'Ellwraith, Premier of Queensland, to annex New Guinea in 1883. On account of this the Federal Council of Australia was founded (Jebb, *op. cit.* i, 6).

⁸⁶ Stat. 63 & 64 Vict., cap. 12.

⁸⁷ *Chamberlain's Speeches*, i, 317.

⁸⁸ Customs Tariff Act (Australia), 1902, quoted in *Ann. Reg.* 1901, pp. 445, 448-9, 453-4.

'questions of Imperial interests might be referred'; such council to be invested ultimately 'with executive functions, perhaps even legislative.'⁸⁹

No definite decision on the question of the relation of the colonial armed forces to the Imperial army was reached at this conference, although all the colonies were prepared to increase their contribution towards the naval expenses of the Empire.⁹⁰ The resolutions on commercial relations recognized that a system of free trade within the Empire would be advantageous but was not as yet practicable; that it was 'desirable that 'those colonies which have not adopted such a policy should, as far as their 'circumstances permit, give substantial preferential treatment to the products 'and manufactures of the United Kingdom'; the home government being invited to recognize 'the expediency of granting in the United Kingdom 'preferential treatment to the products and manufactures of the colonies 'either by exemption from or reduction of duties now or hereafter imposed.'⁹¹

Canada was prepared to give a further preference in favour of the United Kingdom, by reducing duties on British imports or by raising the duties against foreign imports, or by imposing duties on foreign imports hitherto admitted free of duty.⁹² New Zealand offered a 10 per cent. reduction of the duty on British manufactured goods, or an equivalent in respect of selected articles as proposed by Canada. Cape Colony and Natal were ready to give a preference of 25 per cent. or its equivalent by raising the duties on foreign imports. Australia was in favour of preference, without however defining its nature and extent.⁹³

As a result of the conference, Chamberlain realized that the colonies were not yet ripe for Imperial Federation or Political Union. As he had told them, sharing in the control of the Empire must involve the responsibility of contributing to the common Imperial exchequer, and although the British government were willing to promote free trade within the Empire, which would make the mother country independent of foreign food and raw material, yet he saw that the self-governing colonies could not depend on direct taxation, its collection in a sparsely populated country being too costly. Hitherto he had been a free trader, but he was now compelled to admit that if the bond between the colonies and the mother country were to be made closer, the only course to adopt was the policy to which he gave the name of tariff reform.

In 1902 the Chancellor of the Exchequer, Sir Michael Hicks-Beach, was faced with a large deficit.⁹⁴ He proposed to suspend the Sinking Fund and to increase the income tax, and to revert to the old registration duties on imported corn and grain, flour and meal, abolished in 1869 by Robert Lowe.⁹⁵ The rest of the deficit would be met by new Consols and by drafts on the unexpended exchequer balances.

⁸⁹ Jebb, *op. cit.* i, 353-4.

⁹⁰ *Ibid.* 361.

⁹¹ *Parl. Papers*, 1902 [Cd. 1299], p. 36.

⁹² Jebb, *op. cit.* i, 367.

⁹³ *Parl. Papers*, 1902, *loc. cit.*

⁹⁴ *Hansard* (4th Ser.), cvi, 175.

⁹⁵ The rate of import duty on wheat from 1864 to 1869 was 1s. 0½d. per quarter. In 1842 it was 1s. a quarter on corn and 4½d. a cwt. upon flour and meal (*ibid.* 181).

The proposal to tax imported corn was denounced in Parliament as 'the beginning of a system of oppressive taxation,' and as raising the prices of feeding stuffs for stock and so operating as a bounty to Continental farm produce.⁹⁶ Sir William Harcourt moved an amendment declining to impose customs duties on articles of the first necessity for the food of the people.⁹⁷ He was supported by Sir Henry Campbell-Bannerman, who declared that if the tax was not protective it paved the way to protection; but the suggestion that Canada was expecting a differentiation on wheat grown in that country was denied.⁹⁸

A return was made to this point in the debate on the subsequent stages of the Bill. When in June it was proposed to limit the operation of the corn duty to the current financial year, Sir William Harcourt asked if the duty was to be regarded as a step towards the establishment of preferential trade with the colonies,⁹⁹ but the Chancellor ridiculed the notion. The duty had been introduced for revenue purposes and to enlarge the area of indirect taxation. But if Imperial free trade should become possible such an arrangement would be a firm bond between the colonies and England. It need not involve the putting on of duties against foreign nations, 'but 'if we could have free trade with our colonies some sacrifice even in that 'direction might be made.' The policy of the government was not to benefit the colonies at the expense of foreign countries, but to make, as far as they could, trade between England and the colonies freer in order to promote the interests of all. He protested that the corn duty was proposed with no idea of influencing discussion with the colonial representatives with regard to our commercial relations. When the Bill reached its third reading the member for the Brightside division of Sheffield declared that from the standpoint of retaliation the duty was worthless.¹⁰⁰ In the House of Lords Lord Goschen, a former Chancellor of the Exchequer, supported the duty as a broadening of our system of taxation; it was, he said, too small to be protective.¹ Within a week Sir Michael Hicks-Beach had followed Lord Salisbury into retirement; Mr. Balfour became Prime Minister, and Mr. R. T. Ritchie, member for Croydon, who had been Home Secretary, was appointed Chancellor of the Exchequer.

At the end of November 1902 the Colonial Secretary sailed for South Africa to examine on the spot the questions arising out of the resettlement of the country. When he came back in March 1903 he found that the budget, introduced in the following month, omitted the shilling duty on corn.² The country, perplexed at the apparent inconsistency of the government, was soon to learn the reason in evidences of a cleavage of opinion in the cabinet which became more and more apparent as the year went on. Addressing his constituents at West Birmingham on 15 May Mr. Chamberlain made a demand for inquiry into our Imperial policy.³ The 'Little

⁹⁶ Sir E. Strachey in *Hansard* (4th Ser.), cvi, 959-60.

⁹⁷ *Ibid.* 1370.

⁹⁸ *Ibid.* cviii, 147, 151, 154.

² *Mr. Chamberlain's Speeches*, ii, 121.

⁹⁹ *Ibid.* cix, 161.

¹⁰⁰ *Ibid.* cx, 30 (James Hope).

¹ *Ibid.* 659.

³ *Ibid.* 127.

Englanders' had stated that, since our trade with our colonies was less than our trade with foreign countries, we should do everything possible to cultivate our foreign trade, and could safely disregard the trade with our colonies. 'My conclusion,' he declared emphatically, 'is exactly the opposite. I say it is the business of British statesmen to do everything they can, even at some present sacrifice, to keep the trade of the colonies with Great Britain; to increase that trade, to promote it, even if in doing so we lessen somewhat the trade with our foreign competitors.'⁴ The colonies were trying to promote union in their own way and by their own means. 'And first among those means is the offer of preferential tariffs. . . .'⁵ But,' said the speaker, 'I am obliged to say that it is contrary to the established fiscal policy of this country; that we hold ourselves bound to keep open market for all the world, even if they close their markets to us; and that therefore, so long as that is the mandate of the British public, we are not in a position to offer any preference or favour whatever, even to our own children. We cannot make any difference between those who treat us well and those who treat us badly.'⁶ This policy prevented us also from defending them when attacked. Germany was treating Canada as a separate country and penalized her by an additional duty, frankly as a reprisal and a warning to our other colonies lest they should follow Canada's example.⁷

There were two alternatives. The English people might maintain the policy of free imports in all its severity, although it is repudiated by every other nation and by our own colonies. In that case they could neither give preference nor favour to their colonies, nor protect them when they offered to favour us. 'The second alternative is that we should insist that we will not be bound by any purely technical definition of free trade; that, while we seek as our chief object free interchange of trade and commerce between ourselves and all the nations of the world, we will nevertheless recover our freedom, resume the power of negotiation, and, if necessary, retaliation, whenever our own interests or our relations between our colonies and ourselves are threatened by other people.'⁸

On the very day, 15 May 1903, that Chamberlain flung down this challenge the Prime Minister, in reply to protests against the repeal of the corn tax, declared that a preferential scheme binding the colonies to the mother country was not yet possible. If it were achieved a small duty on imported food might be part of a general system. But such a movement must come from the whole people.⁹

The immediate effect of these two ministerial statements was startling. The Unionist party was torn in twain. The Opposition closed their ranks in defence of free trade dogma. A not inconsiderable mass of public opinion remained undecided, unable on the one hand to deny Mr. Chamberlain's claim to a hearing, and on the other, in view of the possible sacrifice which the adoption of his scheme would involve, to believe in the necessity for it.

⁴ *Mr. Chamberlain's Speeches*, ii, 131.

⁵ *Ibid.* 133-4.

⁶ *Ibid.* 136.

⁷ *Ibid.* 137-8.

⁸ *Ibid.* 139.

⁹ *Ann. Reg.* 1903, p. 133.

In the House of Commons¹⁰ the Premier stated that there could be no return to the old protectionist policy of taxing imports in the interests of trade, but some arrangement with the colonies to secure an open market there for our own manufactures was worthy of consideration. Though the Colonial Secretary's scheme might not be practicable, no economic progress was possible if the British Empire was to consist for ever of isolated units. In any case there would be no change in the policy of the government before a general election.

With that Mr. Chamberlain concurred. But he added, 'If you are to give preference to the colonies you must put a tax upon food.' The working man would have to be convinced that the extra expense would be covered by increased wages and by social reforms made possible by the additional funds at the government's disposal.¹¹ This frank admission that the policy involved a tax on food was naturally fastened upon as its most vulnerable point and was so recognized by Mr. Chamberlain himself.

On June 12 Lord Rosebery, speaking at a meeting of the Liberal League as an Imperialist who had been at work on these subjects for upwards of a quarter of a century, declared that a British Zollverein was impossible, in the sense that it was practicable in Germany and the United States, because of the distance of the colonies from the mother country and the different tariffs which would be needed to establish fair play between the various colonies. He foresaw nothing but danger to the Empire, which had been built up on free trade, and injury to our relations with the United States, if the new policy were adopted.¹² On 29 June Lord Lansdowne, replying to criticism, defined the policy of the government as an endeavour to ascertain the possibility of closer fiscal union with the colonies as a means of protecting them against penalization, and of protecting British industries against unfair competition.¹³

At the end of the month it was announced that Messrs. Wernher, Beit and Co., with Sir Ernest Cassel, Lord Strathcona and other donors, had given a great sum of money to provide for the building and equipment of a London Charlottenburg, or technical college, to be built at South Kensington, for affording instruction and original research to advanced students in science and engineering,¹⁴ a scheme which ultimately developed into the Imperial College of Science and Technology. The project was hailed by free traders as 'the true road of retaliation; it was in the establishment and multiplication of institutions of that kind, in a wise and liberal use of opportunities they afforded, that would be found the best means of meeting German or any other competition—far better and far more effective means than a thousand import duties.'¹⁵

Evidence of the determination of an influential section of the ministerial party to maintain the existing fiscal system was afforded by the foundation, in July, of the Unionist Free Food League. The Free Trade League co-

¹⁰ *Hansard* (4th Ser.), cxxiii, 156-7.

¹¹ *Ibid.* 185-6.

¹² *Ann. Reg.* 1903, p. 148.

¹³ *Hansard* (4th Ser.), cxxiv, 740.

¹⁴ *Ann. Reg.* 1903, p. 162.

¹⁵ Mr. Asquith in *ibid.*

operated with the Cobden Club in the defence of those principles which were attacked by the policy of the Colonial Secretary. At the end of the session the opposition of several prominent Unionists to a protectionist policy, towards which the government seemed to be drifting, was expressed in most forcible terms;¹⁶ but the Prime Minister's policy of silence prevented a split in the cabinet and brought the government ship safe but sorely battered into the relatively calm waters of the recess. In August a manifesto was issued signed by many economists of standing (though several of eminence did not sign it) maintaining that tariff reform, by causing controversies in the Empire, was more likely to defeat than to ensure its consolidation, while by leading to the revival of protection it would injure material prosperity and damage political purity at home.

The Board of Trade Blue Book¹⁷ which appeared on the day after the Prime Minister's pronouncement was a compilation of materials, arranged with remarkable fairness and precision, intended to aid the solution of the problems with which the Empire was face to face. But the importance of the Blue Book was overshadowed by the announcement on 18 September of the resignations of Mr. Chamberlain, Mr. Ritchie and Lord George Hamilton. The Colonial Secretary resigned because, as he said in his letter to the Prime Minister, his opponents 'scouted the idea that a system which was generally accepted in 1846 could possibly require any modification in 1903. . . . The people have not yet appreciated the importance to our trade of Colonial markets nor the danger of losing them if we do not meet in some way their natural and patriotic desire for preferential trade.'¹⁸ Freedom from office would enable him to devote himself to explaining and popularizing those principles of Imperial union which his experience had convinced him were essential to our future welfare and prosperity. The two Free Traders, Mr. Ritchie and Lord G. Hamilton, explained that they had resigned under a misapprehension. They did not know, when tendering their resignations, of Chamberlain's resignation and the consequent elimination of the policy of preferential tariffs from the government programme.

On 2 October the Prime Minister expounded his view of affairs at Sheffield. We were helpless under our existing tariff system against the pressure of protection and tariffs and trusts which walled us off, not only from foreign countries but from our own Colonies. He desired to invite 'the country to reverse, to annul, and delete altogether from their maxims 'of public conduct the doctrine that you must never put on taxation except 'for revenue purposes.' The country ought to resume that liberty of which it had deprived itself.

Lord Milner has described Mr. Chamberlain's term of office at the Colonial Office as an epoch-making period. 'It constitutes a turning-point in the history of the British race. Whatever the future may bring forth we can never go back to the old conception of "the Colonial Empire." The very word "colony" is felt to be a misnomer as applied to Canada, to

¹⁶ *Hansard* (4th Ser.), cxxvi, 714, 718, 1556. ¹⁷ *Parl. Papers*, 1903 [Cd. 1761].

¹⁸ L. Creswicke, *Life of Joseph Chamberlain*. iv, 78-9.

Australia, to South Africa or to New Zealand. The British Empire of the future will be a union of a number of Great British states of equal status, or it will cease to be. Mr. Chamberlain was the first statesman who clearly foresaw the lines on which the Empire, if it was to continue to exist, was bound to develop. He was the first to realize and to make his countrymen realize that the growth of the self-governing "colonies" into great independent states did not necessarily involve a loosening of the bonds of Empire, but that on the contrary it might result in the evolution of a new body politic, more powerful and more permanent than the old.¹⁹

During the last three months of the year Mr. Chamberlain outlined his policy in a series of public speeches. At Glasgow on 6 October²⁰ he spoke of the case for tariff reform, contrasting an increase of £22,000,000 a year in our trade from 1872 to 1902 with £110,000,000 in the case of the United States and £56,000,000 in that of German trade during the same thirty years.²¹ Our exports to foreign countries had decreased by £46,000,000; on the other hand those to our colonies had increased by £40,000,000, and they might be further increased by a system of preferential tariffs. Meanwhile our imports of foreign manufactures had risen from £63,000,000 in 1872 to £149,000,000 in 1902.²² From which he deduced that our colonial trade was essential to our prosperity. 'If it declines,' he said, 'we decline.' But he added, 'I do not believe in the setting of the British star; but then I do not believe in the folly of the British people. I trust them. I trust the working classes of this country, and I have confidence that they who are our masters, electorally speaking, will have the intelligence to see that they must wake up. They must modify their policy to suit new conditions. They must meet those conditions with altogether a new policy.'²³ His proposals included no tax on raw materials. He suggested a duty of 2s. a quarter on foreign wheat and flour, a duty of 5 per cent. on foreign meat and dairy produce (excepting bacon), and a substantial preference on colonial wines.²⁴ On the other hand he proposed to take off three-fourths of the tea duty and half the sugar duty with corresponding reduction on cocoa and coffee, so that the adoption of his proposals would give as large a remission of taxation on food as it imposed.²⁵ As a set-off to the loss to the Exchequer, estimated at £2,800,000 a year, involved in his scheme he proposed a duty of not more than 10 per cent. on foreign manufactures, which would yield enough to make up the deficit and for further reduction of food taxes.²⁶

On the next day at Greenock²⁷ his subject was 'retaliation.' Referring to Cobden's honest conviction that if we gave the example of free trade, as he understood it, every other nation would follow,²⁸ he pointed out that none of our great trade rivals had adopted our policy. 'How do you account for the fact,' he asked, 'that all these great nations, without exception, which had adopted the system which you say is bad, have prospered more than you have done?'²⁹ While our working classes were protected by costly

¹⁹ Milner in *Life of Joseph Chamberlain*, 195.

²⁰ *Mr. Chamberlain's Speeches*, ii, 140.

²¹ *Ibid.* 145.

²⁴ *Ibid.* 158-9.

²⁷ *Ibid.* 164.

²² *Ibid.* 147.

²⁵ *Ibid.* 159.

²⁸ *Ibid.* 166.

²³ *Ibid.* 148.

²⁶ *Ibid.* 161-2.

²⁹ *Ibid.* 170.

devices to raise the standard of living, to secure higher wages, to save them from competition, to provide for their safety, to secure them against loss after accident, we allowed the products of other nations, free of such restrictions and such cost, to compete freely with our goods thus hampered in the struggle.³⁰ It was no answer to say, 'How cheaply we are buying!' If those foreign goods came in more cheaply the working classes of Great Britain would either have to lose those conditions or take lower wages, or they would lose their work.³¹ 'Agriculture, as the greatest of all trades and 'industries of this country, has been practically destroyed. Sugar has gone; 'silk has gone; iron is threatened; wool is threatened; cotton will go.' 'How long are you going to stand it?'³² We were told that if we retaliated the foreigner would 'be angry with us.' That was a craven argument, worthy of the Little Englander, but not possible for any man who believed in his own country.³³

At Liverpool, on 28 November,³⁴ Mr. Chamberlain replied to his critics. He questioned two of their propositions; (1) that a tax on imports is necessarily borne by the consumer, and (2) that it is the duty of the government to ignore every consideration except the immediate interest of the Exchequer.³⁵ But a still more important element of his contentions was that the policy of the free traders was an anti-Imperial policy. Cobden himself had said, 'The colonial system can never be got rid of except by the indirect processes 'of free trade.'³⁶

A striking, but apparently unpremeditated, comment on this reminder was offered two days later by the High Commissioner of Canada and the Agents-General of self-governing colonies,³⁷ who, presenting the new Colonial Secretary with an address of congratulation, referred to the growing feeling in the colonies, that the time was come for tightening the bonds of union, and observed that better trade relations had been rendered possible by the abrogation of the German and Belgian treaties and by the preferential tariffs of Canada and South Africa.

Two distinct points were made by Mr. Chamberlain's opponents on the last day of October. Sir William Harcourt, speaking at Rawtenstall in Lancashire,³⁸ remarked that, if it were said that other nations had increased their exports and increased them more rapidly than we, his answer would be, 'Of course they have; a baby grows quicker than a grown man. They 'are infants in trade compared with us. We are an old-established firm.' And Mr. Asquith at Paisley³⁹ argued that, if foreigners under a protective tariff were driven to try to get hold of our markets by dumping here the products of sweated labour at less than cost price, the reason might be that protection was not, after all, a panacea for the diseases of industry.

Mr. Chamberlain's speech at Birmingham on 4 November is perhaps

³⁰ *Mr. Chamberlain's Speeches*, ii, 171-2.

³¹ *Ibid.* 172-3.

³² *Ibid.* 176-7.

³³ *Ibid.* 178.

³⁴ *Ibid.* 226.

³⁵ *Ibid.* 230.

³⁶ *Ibid.* 231.

³⁷ Creswicke, *op. cit.* iv, 129.

³⁸ *Ann. Reg.* 1903, p. 221.

³⁹ *Ibid.*

best remembered by his display of two loaves, one a 'free trade loaf,' the other a loaf reduced by the whole amount of the tax that he proposed, between which there was so little apparent difference that he declared that it was a 'sporting question' which was the bigger.⁴⁰ But there were more important arguments. The Anti-Corn Law agitation was due, he maintained, to the economic crisis of 1841-2 and not to protection.⁴¹ The disastrous riots of that stormy period were raised against the exponents of the Manchester policy of free imports, and not by those in favour of it.⁴² The prosperity of the succeeding quarter of a century was due to the discovery of gold, the development of railway and steamship communication and the impetus thus given to trade. Though it might have been wise to adopt free trade at that time, 'it was not free trade which made the loaf cheap, 'and it was not any cheapening of the loaf which made free trade necessary.' Free trade was adopted because people believed that, at the moment and in the circumstances, it was the best economic policy for us to pursue. 'Let us get rid of all this idea that protection is immediately followed by starvation and destitution. That is absolutely untrue. Let us get rid of the idea that free trade necessarily brings prosperity. That is altogether untrue; but let us as business men, as fair men, consider quietly whether, under existing circumstances, the policy of free imports which has taken the place of the policy of universal free trade is for us the best policy.'⁴³ Cobden's idea was to keep England as the workshop of the world, and all the rest of the world as the wheatfield for England, but foreign countries had not so conceived their national destiny. They raised tariffs against us, and behind the tariff wall they built up their industries during the period in which we were so prosperous under free trade.⁴⁴ They got a firm hold on their own home markets, they kept us out, and they established the industries with which, no longer content with their own markets, they were now invading ours.⁴⁵ 'My conclusion,' he said, 'is this—whether your 'trade is prosperous at the present time, or whether it is not, its continuance 'depends essentially and mainly upon the continuance and even upon the 'increase of your trade with your colonies.'⁴⁶

His opponents trusted to sentiment. They would welcome the calling of an Imperial Council, which would have to deal with such delicate matters as Imperial defence, Imperial legislation and Imperial taxation, believing that 'sentiment' was strong enough to permit negotiation on these matters, but 'so brittle that, if we begin to talk to them about a tax on, let us say, 'brass work or something of that kind, at once they would break off, and 'the Empire would be disrupted.' He himself believed that the colonies would meet us with a greater desire to come together than anyone else with whom we could enter into communication.⁴⁷ It was complained that he had ignored our home trade, which his opponents maintained was highly prosperous; he retorted that the whole of his crusade was to make a strong

⁴⁰ *Mr. Chamberlain's Speeches*, ii, 254.

⁴¹ *Ibid.* 235.

⁴³ *Ibid.* 237-8.

⁴⁴ *Ibid.* 239.

⁴⁵ *Ibid.* 240.

⁴¹ *Ibid.* 234.

⁴⁶ *Ibid.* 241.

⁴⁷ *Ibid.* 245.

home trade, the centre of a self-sustaining Empire. But if our foreign trade was declining and the foreigner was sending more and more goods into our home markets the home market would suffer sooner or later, and more likely sooner than later.⁴⁸ He poured scorn on the old fallacy about the transfer of employment. 'Look how easy it is. . . . Your once great trade 'in sugar refining is gone; all right, try jam. Your iron trade is going; 'never mind, you can make mouse-traps. The cotton trade is threatened; 'well, what does that matter to you? Suppose you try dolls' eyes?'⁴⁹

On 19 January 1904⁵⁰ Mr. Chamberlain, at the Guildhall, declared that the Board of Trade returns showed that there had been a decrease in our exports to protected countries, and, though that had been concealed by an increase in our colonial exports, the increase of foreign exports to our colonies was still greater. If we would maintain our Imperial position we must, he said, maintain our Imperial trade; unless we changed our policy our foreign trade would disappear. He recalled President Hamilton's advice to the United States—'Learn to think Continentally,' and he added, 'If I may venture to give you a message now I would say to you—Learn 'to think Imperially.'⁵¹

But the government had other things to think about. The report of the Commission on the South African war aroused such anger and consternation that the government was hard put to it for a defence; and the outbreak of war between Russia and Japan on 7 February added to their embarrassments.

The fiscal question was brought once more to the front by the publication of an Indian Blue Book on 8 February,⁵² which stated the views of the Indian government as to the possible effect of tariff reform on the Indian Empire. Without preferential tariff India enjoyed the advantages of the free exchange of exports and imports. From the economic standpoint she had something to offer to the Empire and very little to gain in return, and in the financial aspect the danger of reprisals by foreign nations, even if eventually unsuccessful, was so serious that there was no justification for embarking on any new policy of the kind unless the government were assured of benefits greater and more certain than those which had so far presented themselves.⁵³

Meanwhile the government had definitely declined to go further than a policy of retaliation.⁵⁴ In February, though Lord Avebury maintained that the policy of retaliation and negotiation had been unsuccessful both in our hands and in those of foreign nations, he agreed that in exceptional cases retaliation was justifiable.⁵⁵ The Duke of Devonshire, who had recently resigned from the cabinet,⁵⁶ protested against 'a policy of a couple of words' and pleaded for a definite statement that the government did not advocate

⁴⁸ *Mr. Chamberlain's Speeches*, ii, 247-8.

⁴⁹ *Ibid.* 248.

⁵⁰ Creswicke, *op. cit.* iv, 155-6.

⁵¹ *Ibid.* 159.

⁵² *Parl. Papers*, 1904 [Cd. 1931].

⁵³ *Ibid.* 9.

⁵⁴ *Hansard* (4th Ser.), cxxx, 167, 211.

⁵⁵ *Ibid.* 194.

⁵⁶ *Ibid.* 348.

the policy of the tariff reformers. Lord Lansdowne maintained that the government's policy was distinct from protection.⁵⁷ We were powerless to resist the foreign tariffs that continued to be raised against us, and, though we needed the power to bargain for ourselves, the government was not to be goaded into premature disclosures as to the methods by which that could be effected.

On 2 March ⁵⁸ the member for South Islington considered that the working of the Brussels Sugar Convention, which had injured the manufacture of sugared products in the United Kingdom and failed to benefit the West Indies, was a proof of the break-down of the policy of retaliation. It had raised prices and lessened the consumption of sugar; it had encouraged 'dumping' and foreign retaliation; West Indian exports had actually decreased, and our confectionery trade was seriously hampered. Although the President of the Board of Trade ⁵⁹ urged the unfairness of criticizing the convention while it had been so short a time in operation, the ministerial majority sank to 40; and under the Opposition attack, on 9 March,⁶⁰ ministers could get no more support than a majority of 46.

The employment of Chinese labour in the Transvaal mines under an ordinance of the Colonial government was also a source of embarrassment to the ministry. The Opposition raised the cry that the Chinese labourers were no better than slaves and called on the government to disallow the ordinance. Although there were disadvantages inseparable from the use of Oriental labour, little hardship could be proved, and the Opposition motion on the subject was defeated on 21 March 1904.⁶¹ Unsparing criticism in Parliament, by-elections, public speeches, and public demonstrations were evidences that the country was opposed to the ministry in their persistence in this policy. Mr. Austen Chamberlain, member for East Worcestershire and eldest son of Joseph Chamberlain, had succeeded C. T. Ritchie as Chancellor of the Exchequer in 1903. His first budget, announced in 1904, following a disastrous year for agriculture, depression in the cotton industry and the shipping trade, a fall of revenue from beer and spirits, wine and sugar, as well as from stamps, was hailed as a triumph for free trade.⁶² The Chancellor had 'resisted the temptation either to 'tamper with the Sinking Fund or to depart from the financial traditions 'of the past forty years.'⁶³ But fiscal reform was still uppermost in the public mind, and Mr. Chamberlain at Birmingham on 12 May ⁶⁴ welcomed the government's adhesion to the policy of retaliation and predicted that in course of time the nation would be converted to his policy. On the same day Mr. Haldane ⁶⁵ was warning the Liberal party that 'unless it came into 'office with a definite constructive programme it would soon go out again 'and pave the way for Mr. Chamberlain.'

⁵⁷ *Hansard* (4th Ser.), cxxx, 431.

⁵⁸ *Ibid.* 1545.

⁶¹ *Ibid.* cxxxii, 368. For the debates see *ibid.* cxxxix, 965-1005, 1141-89, 1501-1600; cxxxii, 118-212, 252-368.

⁶³ *Ibid.* 597 *et seq*

⁵⁹ *Ibid.* 1573.

⁶⁰ *Ibid.* cxxxi, 652.

⁶² *Ibid.* cxxxiii, 543-9.

⁶⁴ *Ann. Reg.* 1904, p. 125..

⁶⁵ *Ibid.* 126.

Matters advanced in May,⁶⁶ when Mr. Chamberlain himself gave notice of an amendment, expressing confidence in the government, to a resolution moved from the Opposition benches, 'taking note of the opinion expressed 'by the Prime Minister in favour of a change in our fiscal policy and of his 'declaration that such a change cannot be advantageously undertaken 'in the present Parliament.' Mr. Balfour had, however, tabled a somewhat similar amendment,⁶⁷ and in spite of protests against a policy of 'sham, shuffle, and shunt,' and demands for a clear statement, the utmost that could be extracted from Mr. Balfour was that his policy was still that which he had outlined at Sheffield.

Nor did debates in the Lords on 22 July⁶⁸ and on the vote of censure moved by Sir Henry Campbell-Bannerman in the Commons on 1 August⁶⁹ do much to enlighten inquirers. Regretting that three members of the government had accepted office in the Liberal Unionist Council, 'a political 'organization which had formally declared its adhesion to a policy of preferential duties involving the taxation of food,' the Leader of the Opposition inquired how this action was to be reconciled with the Sheffield policy. Though the Colonial Secretary endorsed the Prime Minister's policy of retaliation, and both he and the Premier repeated that preference was a subject that they were not prepared to put forward at the next general election,⁷⁰ the government's majority fell to 78:⁷¹ 52 Unionists abstained; 7 Ministerialists voted or paired against the government.

Thus the session came to an end, with the credit of ministers seriously shaken, and with the country irritated and perplexed at the state of uncertainty in which it was kept. This uncertainty had not been relieved by Mr. Chamberlain's speech at Welbeck on 4 August,⁷² in which he sought to show that the position of agriculture would be improved by the adoption of his policy. Free trade, he said, had driven the labourers from the land; agricultural labour was still the worst paid. He proposed to improve the condition of the farmer and so enable the employer of labour to improve his labourers' conditions by putting a duty on corn, by taxing flour to encourage milling in this country, and to place a duty on imported meat, dairy produce, etc., in order to stimulate the production of food in this country. But the speech was coldly received by the agricultural community. It was thought by some that the proposed 2s. duty on wheat would not materially benefit agriculture, and that the suggested taxation of imported food would not greatly help the labouring class.

In September Lord Rosebery at Lincoln⁷³ challenged the tariff reformers on a question of fact. He declared that there had been no offer of preference made by the colonies. The so-called offer at the colonial conference in 1902 was a request that Great Britain would grant preferential treatment to them. The colonies, instead of offering to give preference to British goods,

⁶⁶ *Hansard* (4th Ser.), cxxxv, 253, 278.

⁶⁷ *Ibid.* 286.

⁶⁸ *Ibid.* cxxxviii, 890.

⁶⁹ *Ibid.* cxxxix, 350.

⁷⁰ *Ibid.* 299-300.

⁷¹ *Ibid.* 338.

⁷² *Ann. Reg.* 1904, pp. 190-1.

⁷³ *Ibid.* p. 204.

were demanding further protection against us, and at that very moment Canadian millers were protesting against the proposal to tax flour. When Mr. Chamberlain in a letter to *The Times* replied to these 'sneers at the 'motives and intentions of the colonists' by quoting resolutions from various Australian and Canadian trade associations, his critic retorted that we knew what we had to give under the scheme of the ex-Colonial Secretary, but not what we were to get in return.

Mr. Chamberlain's last important speech of the year was made at Limehouse on 15 December,⁷⁴ when he dealt with the question of alien immigration in relation to employment. Although his speech added little to his former arguments, it elicited two weighty replies. Mr. Asquith at Cardiff on 18 December⁷⁵ declared that exports were growing and that there had been a great increase under free trade both in wages and in purchasing power. The Liberal policy was to expel criminal aliens and rigorously to enforce factory legislation. Sir Henry Campbell-Bannerman, speaking at Limehouse two days later,⁷⁶ maintained that London had least to gain and most to lose by tampering with freedom of imports. The Aliens Act recently passed was objectionable as depriving refugees of 'the right of asylum,' subjecting passengers to the indignity of search and inquisition and giving to the executive powers which ought to be reserved for the courts.

Meanwhile the question of the next colonial conference was arousing public interest. In October⁷⁷ the Prime Minister declared that the adoption of its conclusions must be subject to the consent of the electorate, and the Colonial Secretary stated at Glasgow on 19 December⁷⁸ that 'a mandate was desirable, because otherwise the colonies, in view of the fiscal controversy, might deem it scarcely fair to put them to the pains of formulating proposals if there was a prospect that the British people would still differ substantially on the matter.'

By-elections in the early days of 1905 still showed an increasing body of public opinion against both the government and Mr. Chamberlain's fiscal policy. At Preston on 11 January⁷⁹ the 'missionary of Empire' assured his hearers that in spite of the Board of Trade returns showing an enormous increase in the value of cotton imports for 1904 as against those of 1903, the condition of the trade indicated a marked relative decline as compared with that of our competitors. Great Britain's consumption of the world's cotton supply had decreased since 1876 from forty-one to twenty-eight and a half per cent.⁸⁰ In the last decade, while our trade in cotton had been practically stationary, that of the principal protected states had more than doubled and now amounted to £35,000,000. Our competitors were catching us up, not only in China, India, and the colonies, but even in the United Kingdom.⁸¹ His aim was to prevent that dumping which his opponents welcomed as a 'blessing in disguise';⁸² but under no circumstances would he tax raw cotton.

⁷⁴ *Mr. Chamberlain's Speeches*, ii, 256.

⁷⁷ *Ibid.* 206.

⁷⁵ *Ann. Reg.* 1904, pp. 231-2.

⁷⁸ *Ibid.* 232.

⁷⁶ *Ibid.* 232.

⁷⁹ *Mr. Chamberlain's Speeches*, ii, 280-1.

⁸⁰ *Ibid.* 289.

⁸¹ *Ibid.* 290.

⁸² *Ibid.* 293.

The long-continued series of taunts against the silence of the Prime Minister drew from him on 27 January a further exposition of his Sheffield statement.⁸³ He desired, he said, such an alteration of our fiscal system as would give us a freedom of action impossible while we held ourselves bound by the maxim that no taxation should be imposed except for revenue. It would strengthen our hands in negotiations to lower foreign hostile tariffs; it might enable us to protect the fiscal independence of those colonies which desired to give us preference; it might be useful where we desired to check the importation of bounty-fed or tariff-protected goods sold here under cost price. He desired closer commercial union with the colonies by a mode acceptable to them and capable of promoting freer trade between us and them. The difficulties with which such union was beset could be dealt with by a conference, provided that discussion was unhampered. He recommended the reference of the subject to a conference on those terms; and he declared that he did 'not desire to raise home prices for the purpose of aiding home production.'

Parliament scarcely glanced at the fiscal question before the Easter adjournment. The government, in fact, deliberately ignored four motions proposed from the Opposition benches,⁸⁴ and a resolution moved by Sir John Lees 'that the House disapproves on principle of the taxation of corn, meat and dairy produce as being especially burdensome to the poor and injurious to the welfare of the nation, and believes that no proportionate remission from existing duties on tea, sugar, coffee and cocoa would afford compensation for the imposition of such taxes; and declares its opinion that any Colonial Conference that is entered upon, except on the understanding that the country will not agree to the taxation of corn, meat and dairy produce, will result in failure,' was carried in a thin House almost unanimously.⁸⁵ Throughout the rest of the session the ministerial party was manifestly losing heart. When at Birmingham on 3 November⁸⁶ Chamberlain appealed for an immediate general election it became evident that the rule of the Unionists was nearing its end. He declared that, while exports had risen during the previous nine months by £20,000,000, wages had fallen by a quarter of a million, 'and that,' he added, 'comes on a previous fall in the nine months of 1903 of £1,500,000 a year'; in other words, 'in this time of professed prosperity the rates of wages of working people have diminished by nearly £2,000,000 a year.' This part of his argument was clinched by a great deputation representing the London unemployed, which on 6 November approached the Prime Minister with a demand for special legislation to meet the admitted emergency, and by an appeal from the Queen for assistance 'in alleviating the suffering of the poor starving unemployed during this winter.'⁸⁷

As an attempt to meet the distress the Unemployed Workmen Act

⁸³ *Ann. Reg.* 1905, p. 15.

⁸⁴ *Hansard* (4th Ser.), cxliii, 881, 1457, 1608; cxliv, 394.

⁸⁵ *Ibid.* cxliv, 424.

⁸⁶ *Ann. Reg.* 1905, pp. 225-6.

⁸⁷ *Ibid.* 227.

(1905)⁸⁸ was passed, whereby Distress Committees could be formed in towns of over 50,000 inhabitants to aid deserving poor to emigrate, to move to other districts where employment might be obtainable and to provide temporary work. The committees could also assist labour exchanges and employment registers and collect information. But the Act was inadequate: it was merely experimental for the purposes of the emergency, temporary in its operation, which was limited to three years, and voluntary in its administration. In London during 1906 employment exchanges under the control of a central body were established and did good work; but the main usefulness of the Act has been in the collection of information. In the original Bill a clause had been inserted, which was subsequently dropped, for providing temporary work on farm colonies. The Central Body for London, however, took over the farm colony at Hollesley Bay in Suffolk, which had been founded out of the London Unemployment Fund in 1905, and attempted to train men and their families for agricultural and similar work. But the class of men sent there was unsuitable, and the only outlet for those trained was emigration. Southampton, Leicester, Oldham, Manchester, Hull, and West Ham also attempted to establish farm colonies or institutions of a similar kind.⁸⁹ An extension of the system of labour colonies was proposed by a Departmental Committee on Vagrancy (1906), whereby habitual vagrants should be sent to colonies organized as industrial schools or reformatories for adults, under a committal order of quarter sessions, for periods of not less than six months or more than three years.⁹⁰

But the Unionist cabinet had little opportunity for social reform. On 11 November the resolution adopted at the Conference of the National Union of Conservative and Constitutional Associations at Newcastle-on-Tyne showed that the organization had been captured by the tariff reform section; and, while Mr. Balfour pleaded for concentration on a moderate policy of fiscal reform, Mr. Chamberlain, addressing the Liberal Unionist Council, declared that retaliation was impossible without a general tariff.⁹¹

On 4 December Mr. Balfour resigned office, and Sir Henry Campbell-Bannerman formed a new administration. Parliament was dissolved on 8 January 1906, and the general election which began four days later resulted in an overwhelming victory for the new government, giving a Liberal and Labour majority over all other parties combined of 134. The result of the election was regarded as a rejection by the country of the policy of tariff reform, but the question of Chinese indentured labour in the Transvaal contributed to the Unionist defeat; and the statements by ministers that Home Rule for Ireland was not a matter of the near future, and that at the forthcoming colonial conference the colonies must be told that the

⁸⁸ Stat. 5 Edw. VII, cap. 18. Certain sections of this Act were continued under the Expiring Laws Continuance Act and Stat. 9 Edw. VII, cap. 7.

⁸⁹ W. H. Beveridge, *Unemployment*, p. 175 *et seq.*

⁹⁰ Report on Vagrancy, *Parl. Papers*, 1906 [Cd. 2852], p. 76.

⁹¹ *Ann. Reg.* 1905, pp. 230, 231.

government could take no steps that would raise the cost of food, undoubtedly influenced the result.^{91a}

When Parliament assembled on 14 February the debate on the Address ⁹² revealed (1) that responsible government would be granted to the Transvaal at an early date and that the question of indentured coloured labour would be left in its hands; (2) that the introduction of measures leading up to self-government in Ireland was imminent; (3) that the government deprecated exaggeration on the subject of unemployment, and promised remedies.

The intention of the ministerial party to press for social reforms on 'advanced' lines speedily became manifest. These included the provision of meals for school children,^{92a} payment of election expenses, salaries for members of Parliament, reform of land tenure, and old age pensions; and ministers expressed their sympathy with these projects. A reduction in the cost of the army was an essential part of their policy; and tariff reform having been barred the curiosity of the Opposition with regard to the means by which the promised reforms were to be effected was not unnatural.

Some indication of the way in which the ministry proposed to grapple with the admittedly unsatisfactory state of trade was given by the resolution of 28 March,⁹³ which was sympathetically received by the President of the Board of Trade, demanding transfer of the ports and docks of London to some public authority; and by the President's introduction on 20 March of a Bill for the amendment of the Merchant Shipping Acts.⁹⁴

The Workmen's Compensation Bill was received with general approval;⁹⁵ but a measure to amend the law relating to trade unions and trade disputes⁹⁶ was approved neither by the Labour party, who considered that it did not go far enough in the direction of protecting the funds of trade unions, nor by the Opposition, who maintained that it tended to make trade unionists into a privileged class. The question arose out of the Taff Vale railway strike, which had been carried out by a district official of the Amalgamated Society of Railway Servants in opposition to the general secretary and central executive committee. The railway company brought an action against the society for inducing the railway men to break their contracts, and under the decision of the House of Lords delivered in July 1901 the society were made liable for very heavy damages. On the one hand it was contended that a trade union had no legal personality corresponding to its

^{91a} See speeches by Sir Henry Fowler and Mr. Asquith, *Ann. Reg.* 1906, pp. 4, 9.

⁹² *Hansard* (4th Ser.), ciii, 25, 140.

^{92a} A scheme for feeding children was started at the Hackney schools in 1874 and was supported by Mr. G. R. Sims, who raised a fund through the *Referee* newspaper which produced an income of £4,500 in 1906. Numerous societies were started for supplying food for children. Later the Royal Commission on Physical Training (Scotland), 1903, the departmental committee on Physical Deterioration, 1904, and the Local Government Board took the matter up. These efforts culminated in an Act to provide meals for children attending public elementary schools in England and Wales, 1906. Winder, *Public Feeding of Elementary School Children* (Birmingham Studies in Social Economics, 11), p. 2-8.

⁹³ *Hansard* (4th Ser.), oliv, 1362.

⁹⁴ *Ibid.* 294.

⁹⁵ *Ibid.* 886.

⁹⁶ *Ibid.* 1295.

actual corporate existence and on the other that power involves responsibility and therefore corporate power involves corporate responsibility. The effect of the judgment was to enable employers and others to recover damages from the accumulated funds of a union instead of proceeding against its more or less impecunious officials.⁹⁷ The unions, having lost the rights of voluntary associations which they enjoyed under the Trades Union Act of 1871, claimed to be reinstated in their old position, and so the Trades Dispute Act (1906)⁹⁸ was passed as a government measure. By the Act trade unions regained their place as privileged bodies immune from liability to actions of tort in respect of non-criminal acts committed in respect of trade disputes and peaceful picketing was legalized.

Mr. Asquith's first budget, introduced on 30 April,⁹⁹ showed a revenue of close on 144 millions and an expenditure of a little over 140½ millions, giving a surplus of just under 3½ millions. He attributed this happy result to the growing prosperity of the country, as proved by rise in freights, increase in railway receipts and in the clearances of London bankers, and decrease of unemployment. Customs receipts had decreased, but the sugar duty, on the other hand, had produced nearly half a million more than the estimate of his predecessor, due to a greatly increased production 'in spite of artificial 'conventions and organized speculation.' The customs yield from alcohol, on the other hand, showed a steady diminution. The great growth of expenditure in recent years and the magnitude of the public debt made economy imperative,¹⁰⁰ and his surplus would be applied to the reduction of debt, aid for necessitous school districts, improvements in the postal service, reduction of the duty on tobacco and tea, and the repeal of the coal tax. The income tax was to remain unchanged at 1s.¹

On 31 July² the government announced the main provisions of the new constitution for the Transvaal, in which Boer and Briton would receive the full privileges and rights of British citizenship on the principles of manhood suffrage and 'one vote one value.' On the whole the proposals were well received, and by the end of the year it was generally felt that the ministry had firm hold of the confidence of the country. Improvement in many branches of British trade was maintained, so that '1906 was one of 'the best general trade years which the world has known.'³

For the first time in history the combined imports and exports of the United Kingdom exceeded £1,000,000,000. 'The greater part of the increase in imports consisted of raw materials, and the greater part of the increase in exports was manufactured goods, so that the foreign trade of the year was in an unusually healthy state. The increase in the price of raw materials, chiefly of metals, accounted for part of the larger value shown in the trade

⁹⁷ Ashley, 'Trade Unions and the Law,' *National Review*, xlvii, 60 (Mar. 1906); Tillyard, *Industrial Law*, 316. The Taff Vale judgment is explained and the grounds for it are fully set out in *Report on Royal Com. on Trade Disputes and Trade Combinations*, 1906 [Cd. 2825], p. 3. Cf. Webb, *Hist. of Trade Unionism*, ed. 1911, p. xxvi, etc.

⁹⁸ Stat. 6 Edw. VII, cap. 47.

⁹⁹ *Hansard* (4th Ser.), clvi, 277-82.

¹⁰⁰ *Ibid.* 288.

¹ *Ibid.* 296-305.

² *Ibid.* clxii, 611.

³ *Ann. Reg.* 1906, p. 262.

figures, but there was a great and gratifying increase in volume also.' ⁴ Trade in the United States and in Germany was very active and showed great development, so that 'dumping' did not trouble us. Only in one department of British trade were the conditions unfavourable. More than two million tons of new shipping launched during 1906 'added to the glut of 'British shipping seeking employment, and not even the greatest oversea 'trade that the world has experienced in one year was enough to supply all 'these ships with freight.' ⁵

The rejection by the House of Lords of the Education Bill indicated the growing tension between the two Houses; and the absence of any reference on 12 February 1907, at the opening of Parliament, to the forthcoming colonial conference or of any promise of old age pensions was strongly criticized by the Opposition and the Labour members respectively. ⁶

An amendment was moved expressing regret at the absence from the King's Speech of any reference to the colonial conference, ⁷ and the opportunity it afforded of promoting free trade with the Empire and close commercial relations with the colonies on a preferential basis. The demand for preference, it was urged, had arisen out of the national needs of the colonies, since foreign tariffs had been raised against them. The result was a colonial commercial federation from which we stood aside. ⁸ Our own tariff, higher per head of the population than that of any other country, ⁹ ought to be reduced to our colonies, who would give us advantages in return. A large measure of preference to them was possible without departing from the principles of free trade. Even if we taxed food, and thus gave a preference to Canada, the price would not necessarily rise, for we could obtain within the Empire a supply of untaxed food larger than the taxed supply coming from without. ¹⁰ But, as it was pointed out in reply, ¹¹ we could not dispense with meat from the Argentine; there was small opportunity of treating India preferentially; and we could offer nothing to Australia. The Commonwealth was tending to restrict the export of her own raw material and to reduce her imports as far as possible; consequently as regards Australia the margin for preference was rapidly diminishing. ¹² Mr. Jesse Collings, member for Bordesley, raised the debate to a higher plane by his protest against treating our system of trade as a party question. ¹³ Food, in 'the hungry 'forties,' was cheaper than it has been since. It was, he declared, for Labour members to see whether in opposing tariff reform they were not enemies of their own class.

Mr. Bonar Law, member for Dulwich, explained that the proposed corn duty ought to be regarded simply in relation to what we might get in exchange. ¹⁴ Preference would obtain an outlet for our manufactures and

⁴ *Ann. Reg.* 1906, p. 264.

⁵ *Ibid.*

⁶ Balfour and Keir Hardie in *Hansard* (4th Ser.), clxix, 64, 75, 106-7.

⁷ *Hansard* (4th Ser.), clxix, 723.

¹¹ Dilke in *ibid.* 737.

⁸ *Ibid.* 725-6.

¹² Ramsay Macdonald in *ibid.* 746.

⁹ *Ibid.* 727.

¹³ *Ibid.* 778.

¹⁰ *Ibid.* 730.

¹⁴ *Ibid.* 795.

lead to more employment at home. It was only in undeveloped countries like our colonies that we could expect to find an adequate market, and we could not retain that market without preference. In the light of later events, opinions may differ regarding his warning that if Canada were repelled she might resort to reciprocity with the United States.¹⁵

Mr. Lloyd George quoted the Canadian Minister of Agriculture as saying that Canadian farmers, from whom we took 95 per cent. of their wheat and practically all their exported cheese, desired no preference in English markets.¹⁶ A preferential tariff would not improve that state of things. And we ought not to injure our vast trade with the Argentine, the United States and Russia, who sent us 70 per cent. of our wheat, in order to secure a share of the £30,000,000 of annual additional trade which tariff reformers estimated would result from colonial preference. The colonies were thriving; why, he asked, should we burden ourselves to encourage them? The amendment was lost by 353 to 98,¹⁷ nearly all the Unionist free traders abstaining. An amendment regretting the absence from the Speech of any proposal to deal with unemployment met with no better success.¹⁸ Mr. John Burns, President of the Local Government Board, replying for the government, said that business was flourishing, except in the building trade, and ministers did not propose special measures for its relief.¹⁹

A significant commentary on these optimistic views of British trade was afforded by the Order of 14 March authorizing railway companies to pay interest up to 4 per cent. out of capital during the construction of new lines.²⁰ The Chairman of Committees remarked that he had been 'a little appalled' to see how few private Bill schemes were going through owing to lack of capital, whereupon Sir Frederick Banbury, member for the City, declared that capital was being held back in consequence of the programme of the advanced Liberals.²¹

Mr. Asquith's second budget, introduced on 16 April, showed a realized profit of £5,399,000.²² There had been saving on the army; the coal and the estate duties and the Mint had been unexpectedly productive; tea and sugar had yielded more than was expected; taxes on alcoholic drinks were improving.²³ During the year he had reduced the National Debt by nearly thirteen and three-quarter millions; in the current year the sum available would be over fifteen millions.²⁴ He proposed to make no change in existing taxation except to reduce the tax on earned incomes from 1s. to 9d. and slightly to revise the death duties.²⁵ The estimated surplus would be £3,833,000, of which two millions would be absorbed by the change in the income tax, one and a half millions would be 'earmarked' for old age pensions, £333,000 would be kept for contingencies.²⁶

¹⁵ *Hansard* (4th Ser.), clxix, 802.

¹⁶ *Ibid.* 897 *et seq.*

¹⁷ *Ibid.* 920.

¹⁸ Thorne in *ibid.* 923.

¹⁹ *Ibid.* 952.

²⁰ *Ibid.* 313.

²¹ *Ibid.* 314.

²² *Ibid.* clxxii, 1176.

²³ *Ibid.* 1177-9.

²⁴ *Ibid.* 1184-5.

²⁵ *Ibid.* 1203-4, 1209-10.

²⁶ *Ibid.* 1210-11.

Meanwhile the Premiers of the colonies had arrived in London for the long-expected Conference, which was opened in April under the presidency of Lord Elgin, Secretary of State for the Colonies. The idea of national individuality had been growing among the self-governing colonies since the last conference, and a desire was shown for closer communication between the Conference and the British Government than that afforded by the Colonial Office. It was accordingly arranged that the Conference of 1907 should be attended by the British Prime Minister with other members of the cabinet in order to show that the conference was not between the Colonial Premiers and the Colonial Secretary as formerly but between the Premiers and the Imperial government.²⁷ This equality between the mother country and her daughter states was further emphasized by a clause in the resolution²⁸ passed at the conference whereby it was decided that questions of common interest should be considered 'as between His Majesty's government and His governments of 'self-governing dominions beyond the seas.' Hence the Conference took for the first time the title of Imperial in the place of Colonial. Under the same resolution the constitution of the conferences was established. The meetings were to be held every four years and the Prime Minister of the United Kingdom was to be *ex officio* president and the Prime Ministers of the self-governing dominions *ex officio* members, while the Secretary of State for the Colonies was to act as deputy chairman. Matters of procedure were arranged, and a secretarial staff under the direction of the Colonial Secretary was to be formed for the purpose of obtaining information and conducting correspondence relating to the affairs of the conference. It was thought by Mr. Deakin, representing Australia, a man full of ideas and suggestions, that such a secretariat would be a link between the various governments for the interchange of views on questions of foreign politics affecting them; it would also enable them to communicate 'direct with the government of this country, in whom the 'whole control of foreign affairs and defence rests.'²⁹

There was an attempt to put the vague idea of Imperial federation into a more definite form. Sir H. Campbell-Bannerman gave the view of the British government that there could not be full federation until the colonies took their share in Imperial defence, for, he insisted, 'the cost of naval 'defence and the responsibility for the conduct of foreign affairs hang 'together.'³⁰ The conference was in sympathy with all the Premier said, particularly with regard to naval defence, but the difficulty was to decide upon the standard of contribution to be adopted for the various members of the Empire.³¹ Objections were raised to the maintenance of colonial expeditionary forces, and it was agreed that the colonies should get into touch with the Committee of Imperial Defence and a representative of any colony requiring advice should sit temporarily on that committee.³²

Emigration and the establishment of an Imperial Court of Appeal having been considered, it was realized that tariff reform overshadowed all

²⁷ Jebb, *op. cit.* ii, 72, 75-7.

²⁸ *Ibid.* 101, 116.

²⁹ *Ibid.* 117.

³⁰ *Ibid.* 98.

³¹ *Ibid.* 177.

³² *Ibid.* 384.

other matters. Before the conference met on 30 April to deal with 'the central question' Sir Wilfrid Laurier (Canada), Sir Joseph Ward (New Zealand) and Mr. (later Sir Frederick) Moor (Natal) had publicly stated the readiness of their respective colonies to give preference to British trade.³³ At the momentous debate itself Sir Wilfrid Laurier stated that Canada adhered to the resolution of 1902; ³⁴ Mr. Deakin, for Australia, proposed that the preferential treatment accorded by the colonies to Great Britain should be granted to the other colonies and that the United Kingdom should give preferential treatment to the colonies. Though Australia had not yet formulated a scheme, she was strongly opposed to free trade. He and those who thought with him believed that a system of preference would tend to unify the Empire, and that the threat of retaliation would be a means of protection against the offensive action of foreign rivals.³⁵ Sir Joseph Ward, Premier of New Zealand, urged that preference would not increase the cost of living, because increased production and competition would keep prices down.³⁶ He advocated the promotion of Imperial trade by subsidies to shipping, by the appointment of British trade representatives to Australia and New Zealand, by the remission of Suez Canal dues to British ships, and by a quick service by way of Canada to New Zealand.³⁷ Sir James Mackay, of the India Office, declared that India depended on her trade with protectionist nations of Europe so much, and the risk of retaliation against her was so great, that she had nothing to gain by Imperial preference.³⁸

The Chancellor of the Exchequer said that Great Britain had no desire to preach free trade to the colonies; ³⁹ but the British people had long made up their minds that it was to their interest to adhere to it whatever other nations might do. The United Kingdom bore the whole burden of the Imperial debt and Imperial defence, and was dependent for its food and raw material on outside supplies. It kept its place by its productive activity, by the profits derived from keeping the biggest open market in the world and by the earnings of its shipping. All of these conditions depended on its ability to keep food and raw material unimpaired in quality and unenhanced in price.⁴⁰ The only preference that would be effective and evenly distributed between the colonies must be on raw material and food, and both the people and the government of the United Kingdom believed that its effect would be to raise prices.⁴¹ But ministers would be ready to consider and co-operate with any practical proposals for developing the trade of the Empire by improved communications, by commercial agents, and by reducing the Suez Canal dues.⁴²

Sir William Lyne, Australian Minister for Trade, having spoken of the increase in foreign shipping in the Australian trade,⁴³ the President of the Board of Trade (Mr. Lloyd George) said that Great Britain was grateful not only for the concessions made by the colonies but also for the spirit that

³³ *Ann. Reg.* 1907, p. 98.

³⁵ *Ibid.* 247.

³⁶ *Ibid.* 266, 269.

³⁷ *Ibid.* 271-6.

³⁸ *Parl. Papers* 1907 [Cd. 3523], p. 228.

³⁹ *Ibid.* 299.

⁴⁰ *Ibid.* 306.

⁴¹ *Ibid.* 308.

⁴² *Ibid.* 321.

⁴³ *Ibid.* 323.

⁴⁴ *Ibid.* 329.

inspired them ; but when asked what Great Britain was going to do in return he must reply that she was the colonies' best customer. ' Fair trade ' had been beaten at the election of 1885 as decisively as ' Preferential trade ' at the last general election. Now they must turn to other proposals, such as those suggested by the Prime Minister of New Zealand, even though shipping subsidies were not universally approved.⁴⁴

On the following day the Under-Secretary for the Colonies (Mr. Winston Churchill) condemned preference on the ground that it would cause criticism of the proposed new taxes in connexion with the annual budgets and of the contribution of the colonies towards Imperial defence. Such discussions would create an anti-colonial party, and the process would strain and wrench the Empire.⁴⁵ After further debate and the adoption of the resolutions of 1902, subject to a reservation on the part of the British government in so far as they implied alteration in its fiscal policy, the ministry said its last word on the resolution, which was also passed, affirming that the development of commercial intercourse between the members of the Empire could best be secured by leaving freedom of action to each.⁴⁶

After two more days of debate on other subjects the conference ceased its labours, and Mr. Winston Churchill was able to boast on 18 May 1907 at a Liberal demonstration at Edinburgh that the government had ' banged, bolted and barred the door against Imperial taxation of food.'⁴⁷ A vote of censure moved from the Front Opposition bench on 15 July,⁴⁸ regretting that the government had declined the unanimous invitation of the colonial Premiers to consider favourably any form of colonial preference or any measure for closer commercial union of the Empire on a preferential basis, was defeated by a large majority ; and thus the matter passed for the time out of public interest.

On 5 April 1908 Sir Henry Campbell-Bannerman resigned office, on the urgent representations of his medical advisers, and Mr. Asquith became Premier.

The hold of the Liberals both in Parliament and the country appeared to be as strong as ever, and when on 7 May⁴⁹ Mr. Asquith introduced his third and last budget he was received with enthusiasm by his supporters and with marked compliments by the Opposition. The budget statement showed that trade was still in a highly flourishing condition. He was at last in a position to make a beginning with old age pensions. His Bill on this subject provided for a pension of 5s. a week to single persons and 7s. 6d. a week for married couples of seventy years and above who were not in possession of 10s. a week or upwards. The number of pensioners was esti-

⁴⁴ *Parl. Papers* 1907 [Cd. 3523], pp. 386-93.

⁴⁵ *Ibid.* 401-2.

⁴⁶ *Ibid.* 427. The resolution of the Earl of Elgin, Secretary of State for the Colonies, was ' that this Conference, recognizing the importance of promoting greater freedom and fuller development of commercial intercourse within the Empire, believes that these objects may be best secured by leaving to each part of the Empire liberty of action in selecting the most suitable means of attaining them, having regard to its own special conditions and requirements.' For the resolutions of 1902 see p. 384.

⁴⁷ Jebb, *op. cit.* ii, 180, n. 1.

⁴⁸ *Hansard* (4th Ser.), clxxviii, 363.

⁴⁹ *Ibid.* clxxxviii, 445. For much valuable information on old age pensions see Charles Booth, *Old Age Pensions*, 1899.

mated at 572,000 and the maximum cost at six millions a year; and as the scheme was not to take effect till 1 January 1909 the charge on the current financial year would be about £1,200,000.⁵⁰ He still had a balance from his surplus for the current year; this he proposed to use in reducing the sugar duty, in remitting taxation on marine insurance policies, and in a grant to local authorities for collecting certain licence duties.⁵¹ He was providing for the further reduction of debt by fifteen millions, and he claimed that free trade finance had not reached or was near to the end of its resources in new taxation.⁵²

Liberal financiers acclaimed the budget. The Opposition, on the other hand, predicted that large sums would be necessary next year to meet the menace of German naval expenditure and to extend the old age pension scheme, and they argued that these could only be provided through tariff reform.⁵³ On the second reading debate⁵⁴ the Old Age Pensions Bill was criticized on the grounds that the scheme might lead to tariff reform; that the Bill was hopelessly inadequate; that ministers refused to say how the funds would be provided to finance the scheme. The Prime Minister retorted that the government had been hitherto paying off the debts bequeathed to them by their predecessors;⁵⁵ under free trade finance the resources of the country would be adequate to the demands of the Bill.

Some light had been thrown on what the supporters of the government meant by free trade finance in a debate in the House of Commons on 31 March⁵⁶ in which Mr. Alfred Mond, member for Chester, condemned the proposal to broaden the basis of taxation 'by imposing small duties on a variety of articles.' Indirect taxation, he maintained, was unsound and its results were illusory. Mr. Balfour on the contrary insisted that we could not meet our engagements out of existing taxation.⁵⁷ The only possible sources of increase were customs duties, which he should welcome if they led to arrangements with the colonies which would be a source of strength to the Empire.

The efforts of the government were now centred on passing their Licensing and Education Bills, and to ensure this an autumn session was held. Before Parliament reassembled public attention had been directed to the question of unemployment by demonstrations of the unemployed, at which violent and threatening speeches had been given, and demands made upon the government for grants of both land and money for their relief.

On 12 October, the day that Parliament met,⁵⁸ some of the most influential members of the Unionist party issued a statement of constructive policy embodying the following points: (1) moderate import duties on all imports except where they would not be worth collecting or would hamper home industry; (2) colonial preference even before the next Imperial conference; (3) compulsory military service; (4) the economic rehabilitation of Ireland

⁵⁰ *Hansard* (4th Ser.), 470, 474-5.

⁵¹ *Ibid.* 462, 476-8, 479.

⁵² *Ibid.* 480.

⁵³ *Ibid.* 488-9.

⁵⁴ *Ibid.* cxc, 612, 619, 812-14.

⁵⁵ *Ibid.* 824.

⁵⁶ *Ibid.* clxxxvii, 403.

⁵⁷ *Ibid.* 436.

⁵⁸ *Ann. Reg.* 1908, p. 203.

as implied in tariff reform ; (5) reform of the House of Lords, whose function of revision was rendered more necessary than ever by recent developments in Commons procedure ; (6) a new old age pension scheme, contributory and providing infirmity pensions ; (7) wages boards for sweated industries ; (8) facilities for the acquisition of the freehold of small holdings by their tenants, with cheaper transfer of land ; (9) reform of local taxation, with transfer of national charges to the exchequer ; (10) regulation of motor traffic.

The government on 21 October announced the measures proposed to deal with unemployment.⁵⁹ Public buildings and other public works would be begun and pushed on with the aid of public money ; the Post Office would increase its staff at Christmas, paying increased wages ; the War Office could take 24,000 recruits into the special reserve ; work at the government dockyards would be increased and accelerated ; employment, to be paid for out of the Central Unemployment Fund, would be given to those who had been disqualified by the receipt of outdoor relief during the previous year.⁶⁰ The districts chiefly affected were the Clyde, the north-east coast, the Potteries, and among the largest towns Glasgow, Liverpool, Manchester, Sunderland, the Hartlepoons, Coventry, Sheffield, Leeds and Bradford ; the trades chiefly affected were shipbuilding, engineering, cotton, building, pottery and dock labour. The situation was very serious. It was caused, said Mr. John Burns, the President of the Local Government Board,⁶¹ by depression in America, disputes in the cotton and shipbuilding trades, the collapse of the building trade, and by waste of money on drink. Mr. Balfour⁶² blamed the government for shaking the confidence of capital and thus contributing to the depression, and reaffirmed his belief that fiscal reform would produce steadiness of employment, to which Mr. Asquith replied that unemployment was not confined to Great Britain.⁶³

Meanwhile the long series of debates on the Licensing Bill was drawing to a close, and on 21 November⁶⁴ a memorandum setting forth the proposals of the new Education Bill was issued. On 23 November Mr. Birrell introduced the Irish Land Bill ; but all public interest was soon to be centred on the position of the government as influenced by the defeat of the Education Bill by the House of Lords on 27 November, and their own withdrawal of the Education Bill on 7 December consequent on the action of the Representative Church Council, which refused to treat it as an agreed Bill.⁶⁵

Before the prorogation the concluding stages of the Coal Mines (Eight Hours) Bill were taken.⁶⁶ In its original form this Bill provided an average period of employment of eight hours below ground, with provision for sixty hours' overtime per annum, and for suspension by the government in a great national emergency. In spite of protests that, coal being the pivot of British commerce, the community had a better right to consideration than the miner or the owner ; that prices might so greatly rise that industries

⁵⁹ *Hansard* (4th Ser.), cxciv, 1160.

⁶⁰ *Ibid.* 1161, 1168-71.

⁶¹ *Ibid.* 1664.

⁶² *Ibid.* 1726-9.

⁶³ *Ibid.* 1730.

⁶⁴ *Ibid.* cxcvi, 1806.

⁶⁵ *Ibid.* cxcviii, 204.

⁶⁶ *Ibid.* 518.

might leave the country ; that it would prejudice the position of Durham miners ; that the competition of countries enjoying advantages of water power would grow as the cost of coal increased ; that decreased working hours would entail decreased production with a great rise in the price of coal,⁶⁷ the Bill, after certain amendments by the Standing Committee, passed its third reading in the Commons on 14 December⁶⁸ and became law on 21 December.⁶⁹

Parliament, prorogued on 22 December, met again on 16 February 1909, faced with a number of difficult problems. Revenue was much below the estimates. The claims for old age pensions had greatly exceeded expectations. The new Territorial Army was over 100,000 men short of its full establishment. Ireland and the advocates of women's suffrage were increasingly menacing. Unemployment was still pressing heavily on the public conscience. The tension between the two Houses was growing. Trade was depressed and exports were declining. And a casual remark by Mr. Lloyd George in the previous summer⁷⁰ on the Committee on the Old Age Pensions Bill—'I have no nest-eggs at all. I have got to rob somebody's hen roost 'next year'—had roused tariff reformers to fresh efforts to popularize their policy and to awaken suspicion of the new finance.

The King's Speech admitted that owing to old age pensions and the increase in the cost of the Navy the expenditure of the year would be considerably increased. Finance, the Prime Minister contended, must necessarily be the first business of the session ; social reform had to be paid for ; the measures proposed were either fulfilments of pledges or stages in the programme of social reform of which old age pensions were only the first instalment.

Labour members resented the omission from the Speech⁷¹ of definite proposals for dealing with unemployment, and criticized the palliatives suggested by the Presidents of the Local Government Board and the Board of Trade, but they were voted down, as also were the tariff reformers, whose amendment was rejected by 276 to 107, the Nationalists voting with the government. Nationalists, indeed, had every reason to be under obligation to the ministry, for on 2 March the government demanded £910,000 to supplement the cost of the first three months of the Old Age Pensions Act, originally estimated at £1,200,000.⁷² In Ireland 177,000 pensions had been granted, or one for every twenty-five of the population as against one for every eighty-five in England.

The Army estimates were only very slightly less than those of the previous year, the Navy estimates were close on three millions more than those for 1908-9 ; and, though a little body of Liberals protested against the

⁶⁷ This contention was denied by experts before the committee. It seemed reasonable to anticipate that a shorter working day would result in a diminution of voluntary absenteeism, this being most prevalent on the whole where the longest hours were worked. An hour's work of the men employed in East and West Scotland, Northumberland and Durham, where the hours of work are shorter, is more effective than in Lancashire and South Wales, where the hours are longest (*Parl. Papers*, 1907 [Cd. 3505], Rep. of Com. on Miners' Eight Hours Day, 21-2, 23-4).

⁶⁸ *Hansard* (4th Ser.), cxcviii, 1285.

⁷⁰ *Ibid.* cxci, 395.

⁷¹ *Ibid.* (5th Ser.), i, 54.

⁶⁹ *Ibid.* 2346.

⁷² *Ibid.* 1279.

expenditure, the House and the country were greatly alarmed at the state of things revealed by the First Lord's statement.⁷³ As Mr. Balfour, who followed him, insisted, the question was whether we were maintaining even a one-power standard.⁷⁴ The government had reduced the four *Dreadnoughts* contemplated by their predecessors, to three, and had made the number laid down in 1907 contingent on the result of the Hague Conference then considering the question of the reduction of armaments;⁷⁵ and in spite of that result had in 1908 reduced the number to two. The disquieting conclusion was drawn that Germany might have twenty-five ships to our twenty in April 1912; in any case they would have twenty-one, a naval situation so new and dangerous that the government programme was utterly inadequate to meet it.

The grave and deliberate speech of the Prime Minister⁷⁶ in reply to this terrible indictment did but little to allay the consternation of the House. He pleaded that the government had not neglected their duty, because the German government had made a most distinct declaration, which however was not a pledge, that they did not intend to anticipate their building programme; and the British government could not ignore that declaration. If the number of German great ships reached twenty-one in March 1912 'we should have plenty of time to provide for an advance.' Mr. Arthur Lee, member for Fareham and Civil Lord of the Admiralty in the last Unionist administration, emphasized the gravity of the position⁷⁷ and quoted Sir Edward Grey's words, 'There is no halfway house in naval affairs between complete safety and absolute ruin.' Sir John Brunner, member for Northwich, wished to abandon the right to destroy private property at sea in time of war. 'Why,' he asked, 'should our over-sea commerce be destroyed in time of war? To my mind, and I will not mince words, our maintenance of the claim to destroy private property at sea is nothing but a demand to commit legalized piracy. Germany, being the greatest military power in the world, has joined the rest of the civilised world in abandoning the right to destroy private property on land. Why should not we, as the greatest power on the sea, give up the right to destroy private property at sea?'⁷⁸ Thus one side demanded the strengthening of the Navy while the other desired the surrender of rights previously exercised by our ships. The Irish considered that the debate was a menace to Germany,⁷⁹ and Labour declared that the expenditure meant good-bye to social reform.⁸⁰

The First Lord (Mr. McKenna) defended his administration and policy,⁸¹ declaring that in March 1912 we should have superiority in a better type of ship and a greater power of construction than Germany and that the Admiralty had not been caught napping. The Secretary to the Admiralty (Dr. T. J. Macnamara)⁸² spoke of dockyards completed and building, of the cruiser

⁷³ *Hansard* (5th Ser.), ii, 930.

⁷⁴ *Ibid.* 946.

⁷⁵ The Hague Peace Conferences of 1899 and 1907 were both organized at the instance of the Emperor Nicholas II. of Russia. Their objects were to induce reduction of armaments and make rules for the conduct of war.

⁷⁷ *Ibid.* 1075.

⁷⁸ Mr. John Dillon, *ibid.* 981, 1103, 1106.

⁸¹ *Ibid.* 1278.

⁷⁹ *Ibid.* 1103.

⁸⁰ Mr. A. Henderson, *ibid.* 1138.

⁸² *Ibid.* 1333.

and destroyer programme, of coastguards and guns; but in spite of all explanations and the desire to avoid a scare the country was seriously alarmed, and the Opposition pressed the government hard. Notice was given of a vote of censure, which was moved on 29 March.⁸³ The feeling in the country was not panic but acute anxiety. Even on ministers' own showing, from January to November 1911 we should be only one *Dreadnought* to the good. German power of construction equalled our own; and behind the German fleet stood the most efficient army in the world. The Opposition pleaded for four ships; that would give us sixteen in August 1911 and twenty in December 1911 against thirteen and seventeen ships at those dates in Germany.

The Foreign Secretary (Sir Edward Grey), who replied, did not minimize the gravity of the situation.⁸⁴ On the completion of the German programme Germany would have thirty-three *Dreadnoughts*, which 'imposes upon us the necessity of which we are now at the beginning—except so far as we have *Dreadnoughts* already—of rebuilding the whole of our fleet. That is what the situation is. What we do not know is the time in which we shall have to do it.' Our naval expenditure must depend on Germany, though hers did not depend on ours.

The Premier declared that the government would maintain the unchallenged command of the sea.⁸⁵ There was no ground for anxiety. In any case we should have sixteen *Dreadnoughts* in April 1912; the Germans would have eleven, or at the outside seventeen. Nothing would be gained by laying down the four contingent ships now, but it was essential to increase the productive naval capacity of the country and that the government would continue to do. The resolution of censure was rejected, but the feeling aroused in the country by the revelations of the debate found further expression at a public meeting in the City on 31 March, at which the action of the government was severely criticized.⁸⁶

In Parliament the naval administration of the government was the subject of continual attack until on 29 April 1909 Mr. Lloyd George produced his budget. From that moment until the end of the year no other political question could compare with it in the passion it aroused. Revenue, owing to the severe depression in trade, had fallen short of the estimate by one and a half millions.⁸⁷ The estimated revenue for 1909-10 on the basis of existing taxation was just under 148½ millions; the estimated expenditure for the same period on the same basis was a little over 164 millions; the anticipated deficit therefore was about fifteen and three-quarter millions,⁸⁸ chiefly due to the expenditure on the Navy and old age pensions. The fresh liabilities to be incurred in 1910-11 for the Navy and social reforms would increase the deficit to about 16½ millions. To raise this vast sum he proposed a reduction of the fixed debt charge, an increased and graduated

⁸³ *Hansard* (5th Ser.), iii, 39.

⁸⁴ *Ibid.* 52.

⁸⁵ *Ibid.* 130.

⁸⁶ *Ann. Reg.* 1909, pp. 66-7.

⁸⁷ *Hansard* (5th Ser.), iv, 473.

⁸⁸ *Ibid.* 546.

tax on motors, a petrol tax,⁸⁹ a rearrangement of the income tax with a super-tax of 6d. on all incomes over £5,000 a year,⁹⁰ readjustment of the death duties, raising the settled estate duty from 1 to 2 per cent., increasing the legacy and succession duties from 3 to 10 per cent., an increase in stamp duty on conveyance of sale and bonds to bearer, and in the transfer duty on stocks,⁹¹ yielding altogether over eleven millions.

A new scale of licence duties and extra taxation of spirits and tobacco would give nearly five millions.⁹² With regard to land he proposed a tax of 20 per cent. on unearned increment,⁹³ of $\frac{1}{2}$ d. in the pound on the capital value of undeveloped land and minerals, and a 10 per cent. reversion duty on any benefit to a lessor at the termination of a lease.⁹⁴ These taxes would produce half a million in the current year. The total estimated revenue was 162 $\frac{1}{2}$ millions, the expenditure rather under 162 $\frac{1}{4}$ millions, leaving for contingencies a little less than half a million.⁹⁵

The principal objections of opponents were levelled at the abolition of the old Sinking Fund, the property taxes (as likely to send capital out of the country), the taxation of undeveloped land and unearned increment, and the heavy imposts on the liquor trade.⁹⁶ A spirited attack was made on the taxation of unearned increment, compensation for decrement being demanded as a complement to the tax ; the difficulty and cost of the necessary valuation were also criticized.⁹⁷

When on 7 June the Finance Bill came up for second reading its rejection was moved on the grounds that the proposals were confiscatory, and that the proposed taxation would raise more money than was necessary for revenue. Burdens were unfairly distributed.⁹⁸ The income tax and the super-tax would be levied on what were really sinking funds and not income. Unearned increment would be taxed three times over : in the hands of the ground landlord, in those of the leaseholder, and on death.⁹⁹ The undeveloped land duty would injure agriculture, would be chargeable even if the development did not succeed, and would destroy the margin of value in mortgages.¹⁰⁰ The country was invited to contrast this policy with the tariff reform proposals of the Opposition.¹ The Lord Advocate (Mr. A. Ure) replied that the Bill taxed superfluities and people well able to pay, and the money would be expended on useful public service.² The economic limits of the taxation of the rich had not yet been reached, and they must bear their share. Land was not created by its owner ; it was limited and essential to the existence of the community to whom it owed its value, and taxation on it could not be evaded. Other critics condemned the liquor taxes as a punishment for the rejection of the Licensing Bill ;³ the taxes on land values as merely

⁸⁹ *Hansard* (5th Ser.), iv, 503-4.

⁹⁰ *Ibid.* 506-9.

⁹¹ *Ibid.* 512-18.

⁹² *Ibid.* 525.

⁹³ *Ibid.* 538.

⁹⁴ *Ibid.* 539-40.

⁹⁵ *Ibid.* 547.

⁹⁶ *Ibid.* 556, 561, 563, 566, 572, 588.

⁹⁷ *Ibid.* v, 1834 ; vi, 196.

⁹⁸ *Ibid.* vi, 21, 23.

⁹⁹ *Ibid.* 32.

¹⁰⁰ *Ibid.* 35, 40.

¹ *Ibid.* 41-2.

² *Ibid.* 43.

³ *Ibid.* 160.

political warfare ; while the super-tax seemed designed to gratify a vulgar envy of the rich.⁴

The Nationalists stigmatized the budget as violating both the spirit and the letter of the Act of Union.⁵ Old age pensions, though a boon to Ireland, were an extravagance which an Irish Parliament would not have sanctioned. The Prime Minister, replying to criticisms of the inequalities of indirect taxation, said that all the necessities of life were taxed already except bread.⁶ He doubted that capital was being sent abroad ; even if it were, residents in Great Britain would pay tax on their income wherever it was earned.⁷ The undeveloped land and increment duties aimed at securing that land, which in a country like ours steadily increased in value, should be taxed at its proper value, and it was only fair that those who reaped the benefit should pay toll to the State.⁸

During the Committee stage the land taxes and increment duty were still the principal object of attack ; but the government, in spite of protests from the Opposition, the Nationalists and some of their own supporters, succeeded, though by a reduced majority, in establishing the principle.⁹ Outside Parliament the budget was criticized by London bankers and financiers, who, agreeing that the need for fresh revenue was urgent, feared that the heavy burdens on land and capital would discourage enterprise and prejudice commerce and industry.¹⁰

When on 9 August the undeveloped land duty was the subject of discussion¹¹ it was contended that the cost of valuation would be £10,000,000, and would produce slightly over £40,000, but the duty was passed after the Prime Minister had declared that the total cost would be £2,000,000, and the yield £325,000.¹²

Lord Rosebery's speech on 10 September to business men of Glasgow,¹ in which (having first resigned the presidency of the Liberal League) he denounced the Bill as a ' revolution without a popular mandate,' was taken as a sign of the danger in which the budget stood at the hands of the Lords. The Peers, indeed, showed that they were not disinclined to take up the challenges of the government ; for the Irish Land Bill and the Development Bill were only allowed to pass after drastic amendment. The latter Bill empowered the Treasury to make grants or loans for the encouragement of forestry, agriculture, rural industries and transport, harbours, canals, fisheries and other modes of economic development. It also constituted a Road Board for the making of new roads primarily for motor traffic.

After a short recess the Commons reassembled for the Report and Third Reading stages of the Finance Bill, which was passed in the Commons in its final form on 4 November.¹⁴

On 22 November the debate in the House of Lords began. Lord Lans-

⁴ *Hansard* (5th Ser.), vi, 190, 197.

⁶ *Ibid.* vi, 528.

⁸ *Ibid.* 533-4.

⁵ *Ibid.* iv, 785.

⁷ *Ibid.* 529.

⁹ *Ibid.* vi, 1375.

¹⁰ *Ann. Reg.* 1909, p. 106.

¹¹ *Ibid.* 398.

¹² *Hansard* (5th Ser.), Commons, ix, 130, 131.

¹³ *Ann. Reg.* 1909, p. 203.

¹⁴ *Hansard* (5th Ser.), Commons, xii, 2127.

downe moved the rejection of the Bill,¹⁵ claiming that the right of that House to reject but not to alter a money Bill was expressly recorded in the Commons' argument of 1689. The question, however, was whether they ought to reject this Bill. It was no ordinary budget, and it ought to be referred to the electors for their approval or condemnation. The Lord Chancellor replied that there was no tacking^{15a} in this Bill; all the machinery enacted was necessary for the collection of the taxes imposed. Supply was the exclusive function of the Commons, and rejection by the Lords would be an invasion of their privilege and the powers of the Crown.¹⁶ Stress was laid by Lord Welby on the financial dangers of passing the Bill.¹⁷ The invariable policy of all British governments had been that the taxation of the year should cover the expenditure of the year. Lord Revelstoke said that direct taxation was largely superseding indirect, and we were tending to live on our capital.¹⁸ Much of the depreciation in British stocks was due to want of confidence. The Bishop of Birmingham (Dr. Gore) supported the Bill as equalizing the burden of taxation on rich and poor and as providing funds urgently required for social reform which could not wait for tariff reform.¹⁹ Lord Milner condemned the new taxes and the financial policy of the government, saying that the great increase of the death duties made them fall on capital.²⁰ He undertook that £13,000,000 could easily be raised from import duties. Of all the speakers on 25 November only the Bishop of Hereford (Dr. Percival) was found to praise 'this social welfare budget.'²¹

Lord Morley, on 29 November,²² said that the amendment arrogated to the Peers control of taxation; it assumed power to force a dissolution by withholding supplies; it claimed that there must be a new Parliament whenever the existing one displeased the Lords; it changed the representative supremacy into that of an oligarchic and non-representative authority; it would throw out of gear the whole financial machinery of the year. If tariff reform was really growing in popularity let the people have more time to learn what it was and to appeal to the electorate after experience of the budget, which was the result of great care and thought and had been passed by a huge majority. Against that the decision of the Lords could not prevail. Lord Rothschild declared that the City objected to the land tax provisions.²³ No doubt capital invested abroad went abroad in the form of goods; but it was easy to get money for foreign investment and hard to get it even for the best English enterprises.

And so the one-sided debate went on until on 30 November Lord Crewe, winding up for the government, declared that ministers had hoped till the last that the Bill would pass; they did not welcome the crisis, but they would face it because the existence of their party was at stake.²⁴ If they

¹⁵ *Hansard* (5th Ser.), Lords, iv, 731 *et seq.*

^{15a} Tacking is the adding of irrelevant clauses to a Bill, particularly a Bill of aid or supply, a practice which is considered unconstitutional.

¹⁶ *Hansard* (5th Ser.), Lords, iv, 750.

¹⁷ *Ibid.* 788.

¹⁸ *Ibid.* 794.

¹⁹ *Ibid.* 799.

²⁰ *Ibid.* 967.

²¹ *Ibid.* 1080.

²² *Ibid.* 1137.

²³ *Ibid.* 1153.

²⁴ *Ibid.* 1324, 1342.

came back with a majority they would so reform the House of Lords as to prevent that indiscriminate destruction of their legislation of which the work of that night was the climax and the crown. The division followed, and the Bill was rejected by 350 to 75. On 3 December Parliament was prorogued.

Financial chaos, which had been predicted, did not follow the rejection of the Bill. The trades affected by the customs and excise duties followed official advice by depositing the amount of duties payable under the budget resolution, subject to refund if the duties were not legalized by the next Parliament; and the Treasury arranged to accept death duties either on the old scale or the new, subject to supplementary payment or refund as the case might be according as Parliament should eventually decide. Income tax at the new rate of 14*d.* continued to be deducted from dividends, this, too, subject to refund if necessary.

On 10 December Parliament was dissolved, and on the 23rd it was announced that the general election for a new Parliament would begin on 15 January 1910.

CHAPTER XII

UNREST

(1910 to 1914)

THE year 1910 found the country in the midst of the preparation for a general election into which a considerable amount of bitterness was introduced. The Liberals vehemently advocated Mr. Lloyd George's new financial proposals and attacked the powers of the House of Lords, while the Unionists advanced the policy of tariff reform as an alternative to the Chancellor's new finance, and demanded measures for the union of the Empire and a strong navy. The result of the election was indecisive: the Liberals lost nearly a hundred seats and had a bare majority of two over the Unionists; the Labour party lost five seats; and a split in the Irish Nationalist camp caused eleven of their members to form themselves into a party called Independent Nationalists. Parliament was opened by the King on 21 February 1910. His speech dealt with the imposition of taxation and the relations between the two Houses. After long discussion it was arranged to take the suspended budget for 1909-10 before the question of the Lords' veto, and the budget was passed at the end of April.

The whole aspect of affairs was changed by the death of King Edward on 6 May 1910. The thoughts of everyone were given to the accession of the new Sovereign and to the funeral of the late King, to whom every party paid its tribute of respect and affection. It was hoped that with the entry upon a new reign the bitterness of political and international discussions would be laid aside. Lord Rosebery, referring in a speech at Edinburgh¹ to the lying-in-state at Westminster Hall, remarked: 'Was it too much to hope that the King, who was the promoter of peace in his life, might have bequeathed a great legacy of peace at his death, and that his death, lamentable as it was, might prove as fruitful as the blessed events of his life?' The wiser members of both great political parties considered it undesirable to burden the new King with the grave responsibility of intervening in the disputes between the two Houses of Parliament, and a compromise was urged. A constitutional conference to arrange these differences was resorted to in June, but on the breakdown of its deliberations in November it was intimated that a dissolution would follow.

Unfortunately for the country the elections held in December again gave a decisive victory to no party. In the House of Commons then just dissolved the majority of Liberals over the Unionists had been only one, and the result was the same for the new House. Whichever party undertook the govern-

¹ *Times*, 26 May 1910, p. 8.

ment of the country could only do so by the sufferance of the Labour party and the Irish Nationalists and upon their terms. The Liberals renewed their coalition with these parties, while the Unionists retained an overwhelming majority in the House of Lords. The deadlock continued with a still greater bitterness of party feeling. The effect was to hamper the powers of a Government, then more than ever bound by party ties, and to engender in the Opposition an intense feeling of resentment that legislation, without mandate from the country, was being introduced merely to appease the groups of parties that went to make up the government majority. The Government owing to its weakness could not afford to be magnanimous, and the Opposition owing to its numerical strength could not recognize its want of power. The unfortunate position of the ministry further made possible a condition of lawlessness which they were impotent to stop and the speeches of many of the political leaders encouraged. The utter disrespect for law shown by the suffragettes, by the various classes of strikers, and by Irishmen, indicates the consequences of government by a ministry whose power depends upon the votes of groups of members representing detached causes and interests. The pious hopes of the many speakers who paid their tributes to the memory of King Edward the Peacemaker were doomed to disappointment. The disturbing elements, both international and political, instead of abating became intensified, and the labour and Irish troubles brought the country to the verge of civil strife.

It is outside the scope of this work to enter upon the merits or demerits of the Home Rule question, the Parliament Bill and the Women's Suffrage Bill, which occupied a great part of the time of the House of Commons from the accession of King George until the outbreak of war. There can be little doubt, however, that the intense feelings which these measures raised had their effect on the labour unrest which was particularly pronounced at this time. Notwithstanding the great prosperity in trade which prevailed from 1910 to 1913 almost throughout the world, there was scarcely a European country which was not troubled with widespread industrial discontent. The dissatisfaction was confined to no particular trade and no special district or country.

It was, however, in Britain that labour unrest reached its greatest intensity. In May 1910 Messrs. Houlder Brothers, shipowners, desiring to stow the cargo of a steamer at Newport, Monmouthshire, with especial care, proposed to employ labourers by time instead of by piece-work. The men refused to work on these terms, and on the shipowners procuring labour from the Shipping Federation the trade unions would not permit the outside labourers to land. Under pressure from the Board of Trade the shipowners eventually yielded to arbitration, but on the award being given in their favour the trade unions threatened a general strike. The Government refused any protection to the imported labour, and Mr. Haldane, Secretary of State for War, who had been acting for the Home Secretary, defended their action in a memorable speech in which he declared that there was a class of case very difficult to define in which what would otherwise be legal rights became

illegal. 'It was not that Messrs. Houlder were prevented from bringing in their free labourers. Whatever may have been the merits of that, is another matter—we have nothing to do with it. The law had simply to protect Messrs. Houlder in the exercise of their legal rights, but where Messrs. Houlder or anybody else are exercising legal rights or doing something which is as bad as the striking of a match in the immediate neighbourhood of a gunpowder magazine these are circumstances in which their action might become illegal action : circumstances in which the state of public feeling is such that no power can prevent riot and bloodshed and disorder, when doing something which in other circumstances would be a perfectly innocent act on the part of the individual.'²

As the year went on the labour troubles extended. Strikes broke out on the North Eastern Railway and Great Northern Railway on account of a reorganization of the train service which it was said blocked promotion and reduced employment. Difficulties arose also among the Clyde shipbuilders, Tyne riveters, and the South Wales miners, who showed themselves dissatisfied with the wages agreement. The Lancashire cotton spinners attempted to impose limitations on the work that one of their fellow operatives should be permitted to undertake. The representatives of the boilermakers came to an agreement with the employers as to wages on 11 October, and a week later the agreement was rejected by a large majority of the union. The agreement made in March between the South Wales mineowners and the miners as to the Eight Hours Act gave rise to serious discontent among the miners, and in November a large body of men at Rhondda Valley and at Aberdare struck work and prevented the other workers, surface men and engineers, from going to the mines, thus stopping the ventilating machinery and endangering the lives of some hundreds of pit ponies. The military and the metropolitan police had to be drafted into the districts before order was restored.

A new danger, largely the result of Syndicalism,^{2a} which these strikes indicated was the want of control by the trade union leaders over the rank and file of the unions, and a disposition among the younger men to disregard the union officials and repudiate their agreements. Such conduct, said Sir Edward Grey, 'must lead not to the assertion but to the negation of unionism, 'not to organized improvement but to chaos.' The want of discipline among the workers was disquieting. 'Without order, discipline, subordination and 'trust in leaders a trade union, like a nation or like any mass of men, becomes 'a mob, and like every mob such a trade union has the power to wreck and 'destroy and not to build up and conquer.'³ Similar sentiments were expressed by Mr. Haslam in his presidential address at the Trade Union Congress at Sheffield in this year. The essential point, he said, was to do all they could to maintain the principle of collective bargaining, which demanded recognition by the employers and confidence in their leaders by the members of the trade unions. The unions must urge upon their members the absolute need for

² *Hansard* (5th Ser.), (Commons), xviii, 402-3.

^{2a} See below, p. 431.

³ *Times*, 29 Oct. 1910, p. 9.

loyalty to the leaders if their word and their agreements were to be respected.⁴

The unrest in the industrial world increased rather than abated in 1911. A strike of North Eastern Railway servants in sympathy with some fish porters collapsed in February owing to the want of support from the Amalgamated Society of Railway Servants. In the summer the long spell of unprecedented heat seemed to favour the succession of strikes which then occurred. There was scarcely a trade or a district which was not directly affected by labour troubles. In June a great strike of seamen for an increase of wages caused inconvenience in Liverpool, Southampton and Manchester, mail boats and liners being delayed. The strike was settled at the end of the month, but fresh difficulties arose at the same places with the coal porters, dockers and carmen, which were not at once settled, notwithstanding that the shipowners agreed to recognize the Dockers' Union. On 1 August a strike of the London dock labourers and others for an increase of wages held up twenty liners. Shortly afterwards the carmen and railway carmen struck, and on 5 August there began at Liverpool the great railway strike which with the transport workers' strike spread over the whole country, entirely paralyzing trade. Rioting in Liverpool resulted in injury to some 200 persons, and minor disturbances occurred elsewhere. The strike continued until 19 August, when it was settled after a lengthy conference between the parties concerned at the Board of Trade. Mr. Winston Churchill subsequently stated that had the general strike continued for a week on the lines contemplated by its authors there would have been a total cessation of industry, and had it lasted a fortnight in many places there would have been starvation.⁵ But unknown to the public a far greater disaster might have resulted from the continuance of the strike owing to our relations with Germany, which were at the time of a most critical nature.

This did not end the discontent in the country for the year. During August the Glasgow tramway men and the taxi-cab drivers of London to the number of 6,000 came out, and some 126,000 workers were idle, owing to a lock-out originating in the employment of two non-unionist weavers at Accrington. In September the Irish railway strike, which began in sympathy with a grievance in the timber trade, was at first confined to Dublin, but later the trade union made an unsuccessful attempt to call out the railway men throughout Ireland. Later on in the year there were strikes among the miners at Leeds and the carters and dockers at Dundee.

The year 1912 opened with continued agitation among coal-miners for a minimum wage. It began in January with a strike in South Wales, which spread in February to the Derbyshire fields and thence into Scotland and elsewhere. In May the London transport workers struck for a minimum wage, a ten-hour day and recognition of their union. The strike arose out of the refusal of the members of the Amalgamated Society of Watermen to work with a man belonging to the Association of Foremen

⁴ *Times*, 13 Sept. 1910, p. 8.

⁵ *Hansard* (5th Ser.), (Commons), **xxix**, 2326.

Lightermen who declined to join their society. The government again refused protection to imported free labour, but the strike eventually collapsed in August after the failure of sympathetic strikes at Swansea, Plymouth, Bristol, Southampton and Manchester. Sir Edward Clarke, in his report after a Government inquiry, stated that much of the difficulty arose from the breach of the provision in the agreement between the master lightermen and the watermen for the reference to the Board of Trade of any difference the parties could not settle. 'The question,' added Sir Edward, 'of bringing within the operation of an agreement made between an employer's association and a workman's union, shipowners or traders not belonging to the contracting body, is one which can only be dealt with by legislation.'^{5a} Towards the close of the year there was a strike on the North Eastern Railway, involving the stoppage of work by some 8,000 men, owing to the reduction in rank of an engine driver who it was alleged was drunk while off duty.

The taxi-cab drivers of London, who had struck in March 1912, again struck in January 1913 on account of the increased price of petrol. A succession of strikes followed in the summer of this year. The farm labourers of Lancashire struck for the recognition of their union, a twelve-hour day, a weekly half-holiday and a minimum wage of 24s.; the London painters, decorators, working engineers and London bakers, Cornish china-clay workers, the Manchester and Leith dock labourers, the Birmingham metal workers on the question of wages; the London omnibus men for recognition of their union; the South Wales miners against the employment of non-unionists; the Lancashire spinners in sympathy with the strikers at the Bee-hive Mill, Bolton, regarding the dismissal of an overlooker; the Great Western Railway engine drivers against the dismissal of men who refused to handle 'tainted goods' from Ireland; and the Leeds municipal employees engaged in the gas, water, electricity, sanitary, cemetery and park services for increased wages and the tramway men in sympathy with them. Popular feeling was against this last strike and it was soon broken. The most important strike of the year, however, was that of the transport workers at Dublin, which began in September and did not finally collapse till the end of the year. It arose as a sympathetic strike in connexion with the handling of goods of firms that had had disputes with their operatives, and was accompanied by a considerable amount of rioting and disorder. The rioting chiefly arose out of the strike of the Dublin Tramway Company's men and the police protection afforded to the drivers and conductors who remained on duty.^{5b}

Throughout the first half of 1914 the labour unrest continued. The London coal porters and carmen to the number of 10,000 went out in January for an increase of wages, and discontent showed itself among the surface workers on mines, in the London building trades, the engineering and ship-building trades, and among the cotton spinners, gas workers and transport

^{5a} *Rep. upon Dispute Affecting Transport Workers of the Port of London and Medway 1912* (Cd. 6220), pp. 3-7.

^{5b} *Rep. of the Dublin Disturbances Com. 1914* (Cd. 7269), pp. 1-15.

workers. There were also strikes among the chair makers at High Wycombe, taxi-cab drivers in London, municipal employees at Blackburn, the miners of South Yorkshire and workers at Woolwich Arsenal, and even by the elementary school teachers in Herefordshire.

It is not, perhaps, difficult to trace the origins of the universal labour unrest at this time. The economic, political, and social changes of the nineteenth century had brought to the working classes new ideas as to the conditions of life and labour. By the gradual concentration of capital and the development of joint-stock companies in the latter half of the century it was becoming less and less possible for employers to know their men and for the men to recognize their employers, and as a consequence the human touch between master and man was being lost. The increased competition at the end of the 19th and beginning of the 20th century aggravated this difficulty and necessitated the cheapening of production by means of immense combinations of manufacturing and trading concerns. Thus the board of directors employing thousands of hands and working through managers and foremen took the place of the single master or firm in more or less direct communication with comparatively small groups of workmen. As Mr. O'Grady remarked in 1911, 'the unit of capital that refuses to co-operate with other units 'for purposes of production is absolutely thrown out of production.'⁶ Specialization in industries also required men to be continually employed on one long process, which was frequently of a monotonous character. In all such circumstances it can be understood that a man merely realized 'that he is working for distant shareholders whom he does not 'know and whom he never sees, and who if they think of him at all regard 'him as an item in the wheel of civilization which leads them perhaps to live 'an easier life than they otherwise would.'⁷ Sir Arthur Markham represented the views of many in deploring the passing away of the small employer whose place was being taken by the great combinations and trusts in which men were looked upon merely as machines. This was the result of a Socialist policy to which he objected and it was not going to be for the good of the State.⁸

Under these changing conditions the workers looked more and more to the State for the redress of their grievances. The extension of the franchise had brought the Labour party into existence, and the trade unions were fast developing into political organizations. Political equality, Sir Edward Grey contended, had made labour troubles inevitable. It had placed great political power in the hands of the wage-earning classes, who had probably come to feel some disappointment in the use of it, for to possess power is to discover its limitations. For that reason they became prone to expect that what they could not get from Parliament should be obtained through the trade unions. In this again there had probably been some disappointment, for, though the trade unions had obtained much, the men of the unions, more especially the

⁶ *Hansard* (5th Ser.) (Commons), xxi, 586.

⁷ Mr. James Hope, 15 Feb. 1912, *ibid.* xxxiv, 142.

⁸ *Ibid.* 150.

younger men, thought that more might have been achieved.⁹ Sir Edward went on to show that other influences retarded or undermined progress, such as the ignoble advocacy of setting class against class, for the gospel of hate would never build up anything. The old methods of conciliation had broken down, and this had made the situation disquieting and possibly dangerous, but that, he argued, gave cause for hope, because it was danger which brought common sense and reasonableness to the top.

Each of the three principal parties, Liberal, Labour and Unionist, had its remedies for the evils of labour unrest and proposals for industrial amelioration. The three main points in dispute in the strikes were the increase of wages, the restriction of the hours of labour and the recognition of trade unions. The government did what they could to deal with these questions and with unemployment generally, but their time was pledged to those constitutional issues which Mr. Winston Churchill pointed out were to the people of this country far more in the nature of political luxuries than political necessities.¹⁰ The government were, however, preparing schemes of legislation for the improvement of industrial conditions. The Old Age Pensions and the Coal Mines (Eight Hours) Act have been already referred to, but their principal remedial measures were based on the Report and Recommendations of the Royal Commission on the Poor Laws issued in February 1909. This commission, which continued the work of the commission of 1832, had been sitting since 1905 and had collected an enormous amount of evidence on the causes of poverty in this country. It was shown that the machinery established under the previous Acts was defective and out of date, for we still had a vast army of persons unable to support themselves, while immense sums, amounting to nearly £60,000,000, were expended on poor relief, education and public health.¹¹ The commissioners were not unanimous in their opinions and a Majority and a Minority Report were issued. The recommendations of both reports dealt principally with the provision of unemployment insurance and the organization of the labour market in order to avoid discontinuous labour. Various alterations were suggested for the Local Government Board and in the local administration of relief, and a national system of Labour Exchanges under the authority of the Board of Trade was proposed. Blind alley occupations for boys were deprecated, and more practical education in public elementary schools and improved facilities for technical education after the age for leaving school, were advised. Among other recommendations were the establishment of industrial and agricultural institutions in communication with Labour Exchanges, labour and detention colonies, and the formation of voluntary aid councils.¹²

The government lost no time in introducing a Bill for the establishment of Labour Exchanges on the lines recommended in the Majority Report. Mr. Winston Churchill, as President of the Board of Trade, in introducing the

⁹ *Times*, 29 Oct. 1910, p. 9.

¹⁰ Cited by Mr. Cooper, *Hansard* (5th Ser.) (Commons), xxxiv, 50.

¹¹ Rep. of Com. on Poor Laws and Relief of Distress, *Parl. Papers*, 1909 [Cd. 4499], p. 52.

¹² *Ibid.* pp. 647-70.

Bill in May 1909 stated that the Labour Exchanges would afford information of the highest value in a sphere in which we were lamentably ill-informed. By the system thus introduced workmen in search of work could be told where to go and where not to go. In association with the School Employment Bureaux, then being started in Scotland and to a lesser extent in England, it was to be hoped that the rising generation might be guided into trades that were neither overstocked nor declining and the exploitation of boy labour might be prevented. Labour Exchanges were further indispensable to any system of unemployment insurance. The government proposal was that the Labour Exchanges should be voluntary and it was not intended to follow the recommendation of the Minority Report of the Poor Law Commission in which it was proposed to make it compulsory to engage any man for a period less than a month, through a Labour Exchange.¹³ The Bill met with little opposition and was passed in September.¹⁴

Although the example of Labour Exchanges was furnished by Germany, it was Mr. W. H. Beveridge who best expounded their economic value. He contended that with a number of distinct centres of irregular work, 'unless the engagement of men is deliberately and co-operatively organized,' the men will either remain in one district where, being known, the 'chance' of employment is diminished but 'friction' or excessive reserve of labour is increased, or they will move freely from one district to another, when 'friction' is diminished but 'chance' is increased.¹⁵ Mobility, he argued, so necessary for the desired reduction of casual labour, is insufficient without organization. The ideal of such organization of labour was the establishment of Labour Exchanges, to which all employers should apply when they require workpeople and to which all workpeople should go when they want employment.¹⁶ Attempts to decasualize labour had already been made at the London Docks, and the Act was an incentive to further efforts. Successful schemes were started among dock labourers at Liverpool, porters, ship repairers and others, with the object of reducing the number of labourers to what was necessary for the employment available, allowing for the requisite reserve of labour. This reserve, it is considered, should be gradually and permanently reduced by better organization of commercial information, business management and combination among employers. Difficulties, however, arise with the men, many of whom, as the result of their former habits of life, dislike continuous employment.¹⁷

As a remedy for some of the gravest evils arising from modern industrial conditions Mr. Lloyd George on 4 May 1911 introduced the National Insurance Bill.¹⁸ The Chancellor maintained that 30 per cent. of the pauperism of the country was due to sickness and a further percentage to unemployment. There was also a vast amount of unacknowledged destitution. The scheme which he outlined was largely drawn upon the lines of the

¹³ *Hansard* (5th Ser.) (Commons), v, 499-512. ¹⁴ *Ibid.* 198.

¹⁴ Stat. 9 Edw. VII, cap. 7.

¹⁵ Beveridge, *Unemployment* (1912), p. 86.

¹⁷ *Year Book of Social Progress*, 1913-14, p. 20.

¹⁸ *Hansard* (5th Ser.) (Commons), xxv, 609.

German system.¹⁹ It proposed a compulsory deduction of 4*d.* a week for men and 8*d.* a week for women from the salaries of weekly wage earners and those with an income under £160, up to the age of 65.²⁰ The employers were to contribute 3*d.* a week for each worker of either sex, to which the State was to add 2*d.* a week.²¹ It was reckoned there would be 9,200,000 men and 3,900,000 women in the compulsory class and 600,000 men and 200,000 women in a voluntary class, besides 500,000 boys and 300,000 girls under sixteen years of age.²² The contributors would get free medical aid and in maternity cases there would be a benefit of 30*s.*²³ A grant would be made for building sanatoria. Sick pay would be allowed at the rate of 10*s.* a week for men and 7*s.* 6*d.* for women.²⁴ The unemployment insurance applied only to the engineering and building groups of trades. The workmen and employers were each to pay 2½*d.* per man a week and the State would pay a quarter of the total cost.²⁵ The unemployment benefit was at the rate of from 7*s.* to 15*s.* a week. Considerable opposition to the Bill came from the medical profession, the arrangements for medical treatment, it was claimed, being quite inadequate. The Bill was eventually passed in December after many amendments.²⁶

Although the feeling of resentment at the compulsory provisions of the Act, particularly those which related to domestic servants, was at first very bitter, it is surprising how readily the principle of compulsion has been accepted by the public. Sufficient time has not elapsed to decide as to the benefits of the Act, but progress has been made with the establishment of sanatoria and returns show a decrease in tuberculosis.²⁷ But the Insurance Act and similar measures were leading to the question of what ought to be included under the term 'cost of production.' Prof. Frank Tillyard has remarked that 'a share of the burden of accidents occurring in the course of employment, of sickness suffered by workpeople during the years of employment, and of distress arising in certain industries during periods of unemployment, has in recent years been thrown on employers, on the general ground that the wear and tear of the human machine or tool may fairly be regarded as an element of the cost of production.'²⁸

The health and comfort of the people were being further provided for by the Town Planning Act of 1909.²⁹ Under this Act various corporations, including Birmingham, Halifax, Sheffield and Walthamstow, are carrying out schemes for laying out the vacant lands adjoining their towns in a manner that will be conducive to the health and beauty of their neighbourhoods.³⁰ Garden cities are also being built with the same objects under systems of co-partnership and by other means. At Birmingham and elsewhere these schemes have been developed contemporaneously with

¹⁹ The State contribution in Germany was £2,500,000, while here it was £19,000,000. *Hansard* (5th Ser.) (Commons), xxv, 1870.

²⁰ *Ibid.* 616-17.

²² *Ibid.* 623.

²⁴ *Ibid.* 628-9.

²¹ *Ibid.* 619.

²³ *Ibid.* 626.

²⁵ *Ibid.* 640-1.

²⁶ Stat. 1 & 2 Geo. V, cap. 55.

²⁸ Tillyard, *Industrial Law* (1916), p. 18.

²⁷ *Year Book of Social Progress*, 1913-14, pp. 23-6.

²⁹ Stat. 9 Edw. VII, cap. 44.

³⁰ *Year Book of Social Progress*, 1913-14, p. 23.

new grouping of Poor Law areas in order to improve the administration of relief; the areas fixed by the measures of 1834 have proved too small for efficiency under modern conditions.³¹ A reasonable desire for a fuller enjoyment of life by a less clamorous section of workers has been met by the compulsory half-holiday for shop assistants provided for in 1912.³²

During the industrial disputes of 1911-12 the question of compulsory arbitration was frequently discussed. Many of the Labour party expressed themselves opposed to strikes. On 16 August 1911 Mr. J. Allen Baker, Liberal member for East Finsbury, asked in the House if in view of the inconvenience caused by strikes the government would introduce legislation which would provide for the compulsory investigation of all disputes and make illegal the declaration of a strike or lock-out before an inquiry had been held. He pointed to the Industrial Disputes Investigation Act 1907 now in force in Canada, and similar Acts passed in Australia and the Transvaal, which it was stated had met with success.³³ Two months later (October 1911) the government established an Industrial Council with Sir George Askwith as chairman for the purpose of settling industrial disputes.^{33o} By his tactful intervention Sir George, acting as Chief Industrial Commissioner, has settled many labour disputes to the satisfaction of both parties. One of the chief troubles with which he has had to contend is the difficulty of obtaining adherence both by employers and operatives to the agreements made by the respective associations of their trades. This difficulty naturally arose largely with the smaller employers and the non-union men, and examples of it were frequent during the recent strikes. As it was stated in a report of a Departmental Committee of the Home Office in 1904, 'it is where the organization of the associations both of employers and workmen is most complete that there is the least amount of litigation and the greatest satisfaction with the settlements reached.'³⁴ With this difficulty in view the President of the Board of Trade raised the question, 'how far and in what manner industrial agreements which are made between representative bodies of employers and of workmen should be enforced throughout a particular district.'³⁵ The Industrial Council discussed the question, and the chairman visited Canada in 1912 to inquire into the working of the Industrial Disputes Investigation Act (1907) in force there. This Act provided that any dispute arising in connexion with such industries as mining, transport or communication or public service utility should be submitted to a Board of Conciliation and Investigation with a view to arriving at a settlement before a strike or lock-out could be legally brought about,

³¹ *Year Book of Social Progress*, 1913-14, p. 28.

³² Stat. 2 & 3 Geo. V, cap. 3.

³³ *Hansard* (5th Ser.) (Commons), **xxix**, 1922, 2344.

^{33a} Besides the chairman the council consists of twenty-six members, one half representing the employers and the other representing the workmen.

³⁴ Quoted by Ashley in 'Trade Unions and the Law' in *National Review*, **xlvii**, 56 (Mar. 1906).

³⁵ *Year Book of Social Progress*, 1913-14, pp. 15, 316.

and that thirty days' notice should be given of an intended change affecting conditions of employment with respect to wages or hours. Sir George Askwith reported on his return that he found the Act was approved in Canada by employers and employed, and public men thought that it might with advantage be extended to other trades. With regard to the suitability of the Act to this country he considered 'that the forwarding of the spirit and intent of conciliation is the more valuable portion of the Canadian Act, and that an Act on these lines, even if the restrictive features which aim at delaying stoppage until after inquiry, were omitted, would be suitable and practicable in this country.'⁸⁶

To meet the vast expense of their schemes for social reform the government had to rely upon the new system of finance already referred to, introduced by Mr. Lloyd George. In launching this scheme the Chancellor had been remarkably favoured by an extraordinary boom in trade from 1910 to 1914, the year 1913 being, as he pointed out, the most prosperous year that British trade had probably ever seen. Each year he was able to declare a realized surplus, which in 1912 reached the record amount of six and a half millions. The suspended budget of 1909-10 was passed under the strictest system of guillotine in April 1910, and the delayed budget for 1910-11 was taken in June following.⁸⁷

Notwithstanding the prosperous condition of trade there was considerable unrest in the financial world, caused, as it was alleged, by the depreciation in home investments in consequence of the new budget. There were at this time a succession of bank failures, beginning with the Charing Cross Bank at the end of 1910, followed in 1911 by the Birkbeck Bank, the Bank of Egypt, the London Banking Corporation and the Bank of Burma; these failures, with a depression on the Stock Exchange, affected public confidence. It was asserted that the new finance was responsible for this disturbance in credit, which was driving the public to invest their money abroad. Mr. A. C. Cole, governor of the Bank of England, in a speech at the Mansion House, attributed the failure of the Birkbeck Bank to the depreciation of its investments by the recent budgets. He referred also to the Yorkshire Penny Bank, which was only saved from a like disaster, that would have affected the savings of multitudes of poor people, by the timely assistance of the Bank of England.⁸⁸ Mr. Lloyd George felt bound in presenting his budget for 1911-12 to defend his policy. Three years ago, he said, he was confronted with the largest deficit any Chancellor of the Exchequer had had to encounter in the time of peace, and there was a clear indication

⁸⁶ Report on the Industrial Disputes Investigation Act of Canada, 1907, *Parl. Papers*, 1913 [Cd. 6603], p. 17.

⁸⁷ *Hansard* (5th Ser.) (Commons), xvii, xviii, *passim*. The Guillotine is a method of shortening the discussion on a bill in parliament by fixing a day when the committee stage must close.—*New English Dict.*

⁸⁸ *Times*, 13 July 1912, p. 7. The principle of the solidarity of financial interests, which had been established at the time of the Baring Crisis of 1890, was successfully applied in the case of the Birkbeck Bank and of the Yorkshire Penny Bank. Cf. Gilbert, *Hist. of Banking* (Sykes Ed. 1911), p. 425 *et seq.*

of a further rapid growth of expenditure. His proposals then submitted were carried into law after probably the fiercest political conflict since the days of the Great Reform Bill. A legend had grown up that the purposes which the budget was designed to finance were revolutionary.³⁹ Their objects were to meet the increased naval expenditure, old age pensions, 'a purpose which was enshrined in the Unionist programme since 1895,' the grant in aid to local authorities to meet the exigencies of the new motor traffic on our roads, agricultural development and reafforestation, relief of rates and last 'the contribution towards the national insurance which was contained in the programme of every party except one—the socialist party.' He did not think that on reconsideration anyone could say that these purposes could be stigmatized as revolutionary.⁴⁰ He had laid down four principles. Firstly, that the new taxes should meet not merely the year's requirements but should be of such an expansive character as to grow with the increasing demands of the programme then sketched out. Secondly, that all classes of the community in times of financial emergency should be called upon to contribute. Thirdly, that, although all classes should be called upon to bear their share, the taxes should not enhance the cost of the necessities of life for any class. And, lastly, that the taxes should be of such a character and should be so adjusted as not to interfere with the industry and the trade and commerce which are the sources of wealth of this country.⁴¹ When his first budget was introduced in April 1909 unemployment had reached the highest figure it had attained for years, but in spite of prophecies that property and investments were in danger, trade began to boom and unemployment to diminish, until before the strike it had reached almost the lowest point it had ever touched in this country. Our exports had increased by 20 per cent.⁴² The land taxes, he pleaded, could not in the nature of things produce a higher revenue for a few years. When the valuation was complete there would be a great national survey of the land which would be available for the purposes of the readjustment of local taxation and 'I have no doubt will be available for equally important public purposes of another character.'⁴³ The budgets of 1913 and 1914 continued the policy established in the budget of 1909 without any startling innovations.⁴⁴

Mr. Lloyd George's budget schemes were largely directed towards satisfying the newly formed and enthusiastic Labour party, which was looking forward to introduce legislative measures for the remedy of industrial evils. The party, however, received a severe shock by the delivery of the judgment of the House of Lords on 21 December 1909 in the case of *Osborne v. the Amalgamated Society of Railway Servants*. The effect of this decision was to deny to the trade unions the power of compulsorily levying contributions on their members for the election and maintenance

³⁹ *Hansard* (5th Ser.) (Commons), **xxvi**, 1057-8.

⁴⁰ *Ibid.* 1058-9.

⁴¹ *Ibid.* 1060.

⁴² *Ibid.* 1061-2.

⁴³ *Ibid.* 1063.

⁴⁴ *Ibid.* **lii**, 257; **lxii**, 56.

of members of Parliament.⁴⁵ The voluntary levies which were then resorted to proved to be quite inadequate and the salaries of six Labour members of Parliament were stopped. Mr. Arthur Henderson, Labour member for Barnard Castle, strongly advocated the reversal of the judgment; others proposed defiance of the law. As an alternative, the Liberal party suggested the State payment of all members of Parliament. Some of the Unionists favoured this proposal, while others thought it would introduce the professional politician who would bring discredit on the House.⁴⁶ On 10 August 1911 the House passed a resolution to pay each of its members a salary of £400 a year.⁴⁷ This concession, however, did not satisfy the Labour party. A Bill empowering trade unions to take a ballot for the purpose of raising a special voluntary levy for political purposes had been introduced by the Attorney-General in May 1911, but was postponed for a time. On the second reading in August 1912 much opposition was raised by the Unionists. The Bill, they said, imposed great unfairness on those members of trade unions who might be called upon to contribute money for the promotion of socialistic and other objects with which they were not in sympathy. The Labour party retorted that unity must sometimes be imposed on men in their own interest, and that the fundamental purpose of trade unions was to regulate 'the relation between employer and employed—to fight, and if possible conquer, combinations of capital,' and for this purpose 'individual rights must not be allowed to paralyse an organization.'⁴⁸ Further discussion followed, and eventually certain safeguards were inserted, whereby it was provided that the funds of a union could only be used for political purposes after a resolution had been passed; that such funds should form a separate account; and any member objecting should be exempted from contributing to the political funds.⁴⁹ The Bill passed both Houses in February 1913.⁵⁰

The remedial measures advocated by the Labour party were for the most part socialistic. Socialism has been defined as 'a theory or policy of social organization which aims at or advocates the ownership and control of the means of production, capital, land, property, etc., by the community as a whole and their administration or distribution in the interests of all.'⁵¹ It looked to the State for intervention on behalf of the people even in matters usually left to the uncontrolled management of private persons. It was therefore the negation of the old Liberal doctrines of individualism and *laissez-faire*. Mr. Clynes, Labour member for Manchester, pointed out in the right-to-work debate in February 1911 that even members like himself, who had had but a few years' experience in the House,

⁴⁵ It was also laid down that trade unions were corporate bodies and could only do what they were authorized to do under the Trade Union Act of 1876. Webb, *Hist. of Trade Unionism* (ed. 1911), Introd., pp. viii, ix.

⁴⁶ Mr. Arthur Lee in *Hansard* (5th Ser.) (Commons), xxix, 1391.

⁴⁷ *Ibid.* 1483.

⁴⁸ Mr. Clynes and Mr. Ramsay Macdonald, *Ann. Reg.* 1912, p. 197.

⁴⁹ *Hansard* (5th Ser.) (Commons), xli, 2975-3083.

⁵⁰ Stat. 2 & 3 Geo. V, cap 30.

⁵¹ *New English Dict.*

had seen the old doctrines give way to new ideas and new necessities. 'The Wages Board Bill demolished the last remaining fragment of the old ideal of not interfering with the free play of competition and with the ordinary forces of supply and demand. Then we had quite recently, despite doleful forecasts, a Bill fixing the hours of labour for men, so that we have reached a point now where wages and hours are fixed by law. Everyone knows that these are only beginnings. These measures are not the end of this class of legislation, but only the first step. We have done something to provide even food for children who were formerly thrown upon the resources of distressed parents. The whole tendency of our legislation has been to make inroads into the old accepted ideas of economic doctrine.'⁵²

The principal schemes brought forward by the Labour party were the nationalization of land, mines, railways and other monopolies, the minimum wage and 'the right to work.'⁵³ In March 1913 Mr. Snowden, in moving an amendment to the Address of that year,⁵⁴ asserted that small classes of people 'have a monopoly of the essentials of life,' that land, without which man cannot live or labour, the instruments of production and the means of distribution, like railways, were owned and controlled by these classes.⁵⁵ He demanded the land for the people, 'and not only the economic rent of it' but its control, so that the land may be used to promote the common 'good.'⁵⁶ He asked also for 'the national ownership and control of railways, 'mines and other monopolies.' He instanced the principle of nationalization in the control of the telephones and the great services owned and managed by our municipalities. 'In advocating the national ownership 'of railways we are on still firmer ground,' because this country is the only country in Europe where railways are not either wholly or partly controlled by the State. In Germany there were also State-owned mines.⁵⁷ Mr. McCurdy argued that, as the railway companies could neither pay their servants wages which satisfied them nor their shareholders large dividends, there were grounds for considering whether this branch of the transport should, like the Post Office, be brought under the control of the State.⁵⁸ It was suggested by Mr. Outhwaite that Mr. Snowden wanted to nationalize the land by buying out the landlords, and if this were done interest would have to be paid upon the debt created for that purpose and what to-day goes as rent to the landowner would then go as rent to the owner of the bonds of the debt created. 'We hold that there is a means by which we 'can virtually add that rent fund to the wages fund by taking that rent by a 'process of taxation.'⁵⁹ Mr. Buxton, President of the Board of Trade, replying for the government, was 'afraid that increased wages and reduced 'rates and other matters would land the taxpayer in a somewhat difficult 'position,' but inquiry was being made as to the working of State-owned railways abroad.⁶⁰ The nationalization of mines was a still more doubtful proposition. Mining was a very speculative business, and it was doubtful if

⁵² *Hansard* (5th Ser.) (Commons), **xxi**, 596-7.

⁵³ *Ibid.* **xxxiv**, 52.

⁵⁴ *Ibid.* **i**, 468.

⁵⁵ *Ibid.* 466.

⁵⁶ *Ibid.* 467-8.

⁵⁷ *Ibid.* 468-9.

⁵⁸ *Ibid.* 483.

⁵⁹ *Ibid.* 499.

⁶⁰ *Ibid.* 519.

the State was the right authority to regulate output. Although the nationalization of railways had been successful in our colonies and abroad, nationalization had not been successful with regard to mines, and had led to labour unrest.⁶¹ Lord Robert Cecil said that he was not convinced that it would be to the advantage of the railway servants if the railways were managed as they are abroad. His experience as a member of Parliament did not lead him to suppose that the Post Office servants were the most satisfied of the wage-earning classes.⁶² A similar opinion was expressed by Mr. Walter Long, who remarked that the telephone system as worked by the Post Office did not cause him to believe that it would be a good thing to nationalize any of our great railway systems.⁶³ He further challenged any member who advocated nationalization of railways to mention any foreign country or any overseas Dominion where the State-managed railway system is at all comparable to that which we have here, in respect either of communication or the conditions of the employed.⁶⁴

A minimum wage, another remedial measure recommended by the Labour party, had been established by the Trade Boards Act (1909)⁶⁵ for four specified trades, namely, tailoring, cardboard-box making, finishing machine-made lace and hammered and dollied chainmaking; and power was given to add to the list, under which other low-paid industries have been included. The wages were to be fixed by Trade Boards, which had power to appoint District Trade Committees. The trades selected were what are usually considered sweated industries, in many instances carried on by women in their homes.⁶⁶ The Labour party wished to see the principle of a minimum wage made compulsory for all trades,⁶⁷ and Mr. William Crooks, the Labour member for Woolwich, considered that a minimum wage should be based on a minimum standard cost of food. According to the rates for soldiers' rations, he argued, the keep of a man and his wife was 11s. a week, and the cost of each child was 2s. 3½d., as was shown by the returns of public authorities. Therefore a man and wife with four children had to expend a sum of one pound weekly for living in such a way as the Local Government Board by its medical adviser had laid down as a minimum standard. He advocated a general minimum wage of 30s. a week to be established by law for every adult worker in urban areas and a minimum wage that would secure an approximately equal standard of life in rural areas. He proposed an extension of the Trade Boards Act to accomplish this.⁶⁸ Mr. Clynes suggested that the establishment of a just and adequate wage must be secured by Act of Parliament, seeing that it cannot be obtained by private

⁶¹ *Hansard* (5th Ser.) (Commons), I, 520.

⁶² *Ibid.* 528.

⁶³ *Ibid.* 566.

⁶⁴ *Ibid.* 567.

⁶⁵ Stat. of Edw. VII, cap. 22.

⁶⁶ Cf. Ashley, 'Wage Boards and Home Workers,' *National Review*, lii, 636 (Dec. 1908); Tillyard, *Industrial Law*, p. 83.

⁶⁷ *Hansard* (5th Ser.) (Commons), xxiv, 1881 xxiv, 50; li, 1280.

⁶⁸ *Ibid.* 1881-6; li, 1283.

bargaining. Sir Frederick Banbury, on the other hand, contended that, if wages were raised artificially by force, the cost of what those wages produced was bound to be raised and the consumers would have to pay more. By a Minimum Wage Bill, he later declared, we are entering upon a completely new departure; we are violating the old principle of political economy.⁶⁹

The question of a minimum wage for the coal miners was brought to a head by the coal strike of 1912. This dispute caused a complete stoppage in the principal industry of the country upon which hundreds of other industries were dependent. The miners complained that in consequence of the practice of making payment at a rate per ton on the coal produced, men were frequently prevented from earning a fair wage owing to such drawbacks as abnormal places, deficiency of tubs or imperfect condition of roadway. It was from this grievance there arose a general demand for a minimum wage. The government had done all they could to bring the owners and workers together and resorted to legislation only 'when all hope of a settlement by agreement had disappeared.'⁷⁰ Sir Arthur Markham, a Liberal colliery owner, in the course of the debate on the Government Bill, remarked that the Government had gone 'three-fourths of the way destroying all economic principles,' but did not seem to have the courage to take the last fence. There were those, he said, 'who think that the smash of the trade unions will bring about industrial peace for another ten years. But the men who think that by ruining trade unions they are going to get industrial peace are entirely mistaken, for upon the foundation of such a ruin you will have even stronger trade unions erected.' Although, he added, mining 'is not a sweated industry it is still an industry of so arduous a character that the people who engage in it ought to have special remuneration. For many years past this House has not interfered with the wages of adult workers on the ground that they are able to take care of themselves. But now it has been forced owing to the circumstances of the times to take up a different attitude and the Prime Minister has consequently departed entirely from economic law in taking the course he has done.'⁷¹ The Bill was a temporary measure only, to remain in force for three years, and provided that minimum wages and district rates were to be fixed by District Boards, which might vary them from time to time. Workmen were excluded from the scope of the Act by old age or infirmity or non-compliance with the conditions regarding regularity and efficiency of work. The trade unions and the Labour party pressed for the insertion of a definite minimum wage of 5s. a day for men and 2s. for boys, but the amendment was lost and the Bill finally passed on 28 March,⁷² the Labour party on this account voting against it. In the course of the debate it came out that the Coal Mines (Eight Hours) Act had been the cause of a decrease in the wages of certain classes of workers,

⁶⁹ *Hansard* (5th Ser.) (Commons), xxxiv, 62; xxxvi, 225.

⁷⁰ *Ibid.* xxxv, 1723.

⁷¹ *Ibid.* xxxvi, 250, 553-4.

⁷² Stat. 2 & 3 Geo. V, cap. 2.

though it was asserted the total output had been greater.⁷³ Sir Clifford Cory, a large colliery proprietor in South Wales, considered that the Minimum Wage Act would tend to a decrease of output, and, in dealing with abnormality, brought an instance to show that one man had earned only 5s. 8d. a day, while another working under exactly similar conditions on the same spot had earned 9s. 9d.⁷⁴ The difference between the minimum wage established in 1894 under the agreement by which the Wages Boards for the Federated Districts were formed and the present Act, was that the rates fixed by the Boards enabled miners on an average to earn a certain sum a day, whereas under the Act no single hewer who went down a pit was to receive less than a certain sum for his day's work.⁷⁵

The principle of the minimum wage being once established, it was not long before attempts were made to apply it to other trades. In May 1913 Mr. George H. Roberts, Labour member for Norwich, introduced a Bill for the establishment of a minimum wage and for the regulation of the hours of work for agricultural labourers, a class for whom legislation of this nature had as yet been little considered. He said that the average weekly wage of agricultural labourers for the year 1907 was only 17s. 6d. His proposal was to set up County Boards to deal with both these questions,⁷⁶ but objection was raised with regard to the restriction of the hours of labour because in agricultural matters advantage had to be taken of fine weather.⁷⁷

The third remedy for labour unrest suggested by the Labour party was the 'right to work' scheme, whereby the responsibility of directly providing employment or maintenance for the genuine unemployed was to be placed upon the State. A Bill to provide such employment by means of municipal relief works had been introduced in 1908,⁷⁸ but few of the county, borough and urban councils were in favour of it. Mr. O'Grady, on behalf of the Labour party, moved an amendment to the Address on this subject in February 1911. He complained that the unemployment clauses of the Insurance Act would not touch unskilled labourers, among whom he contended unemployment was a permanent feature of the industrial system.⁷⁹ Men, he said, who would not work should be made to work.⁸⁰ It was urged by Mr. Clynes, member for the north-east division of Manchester, that unskilled labourers were the men for whom municipalities and the State could best provide work,⁸¹ and that 'the principle of legislative interference should be applied to the able-bodied unemployed in order that thereby we should transform him from a useless burden upon society into a helpful instrument to enlarge the prosperity of the nation and improve

⁷³ *Hansard* (5th Ser.) (Commons), xxxvi, 242. Mr. Brace in stating this referred to the men engaged in hauling coal and preparing it to be hauled, who before the Act had worked overtime. Since the Act came into force, he said, the output in 1911 had increased by 7,500,000 tons, which was 4,000,000 tons more than in any record year. He considered it reasonable that these men should receive wages plus the overtime they had received formerly.

⁷⁴ *Ibid.* xxxv, 1794.

⁷⁵ *Year Book of Social Progress*, 1913-14, p. 12.

⁷⁶ *Hansard* (5th Ser.) (Commons), liii, 39.

⁷⁷ *Ibid.* 42.

⁷⁸ *Ibid.* (4th Ser.), clxxxvi, 10-99.

⁷⁹ *Ibid.* (5th Ser.) (Commons), xxi, 586-7.

⁸⁰ *Ibid.* 590.

⁸¹ *Ibid.* 595.

his own condition.' ⁸² It was contended by the Hon. R. D. Denman, member for Carlisle, that if a man in receipt of insurance money was unable to find work after a certain time, we should know that he was either unemployable or superfluous in a particular industry. We could not, however, distinguish between the unemployed and unemployable unless a mass of machinery was set up for the purpose. The unemployment which arose from defective organization and training of child labour, together with the habit of unemployment which arose from street trading and other blind-alley occupations, Mr. Denman hoped would be rapidly dealt with through the Labour Exchanges.⁸³

The remedy put forward by some of the younger members of the Labour party was Syndicalism, which is an effort to use syndicates or trade unions to bring about social revolution. We hear of it first in 1894-5 at Nantes and Limoges among the advanced section of the trade unionists who were dissatisfied with the action of their representatives in Parliament. It was introduced into South Wales after the failure of the Cambrian coal strike in 1910, and had for its object the elimination of the employer in all forms, the State as well as the individual and private employer. It assumed that a trade union was an association of workmen organized with a view to war, and that masters and men stand facing one another in deadly and implacable conflict. Hence non-unionists and blacklegs were considered traitors, and it was argued should be treated as such. The movement was naturally hostile to politics, for politics recognize that Acts of Parliament can be passed for the benefit of all classes and so deny the necessity for class war.⁸⁴ The demands for a minimum wage and the shortening of the hours of labour were only the means 'of extracting the whole of the profits of industry, and 'so to render capital absolutely valueless to those in whose name it stands.⁸⁵ 'Then the trade unions will take over a valueless property and will administer it.' In this way it was argued that the ownership of the mines would not be in the State or the men who had invested their money in sinking them, but in the Miners' Federation, the railways would be held by the Amalgamated Society of Railway Servants, and so generally the profits would go to the operatives, who would be employed by a central production bureau of their particular industry. The British Syndicalists saw that there was little difference between the servants of the State railways of France, Germany and Italy and those of the British railway companies, and that the nationalization of railways, mines and land would bring them little benefit.⁸⁶ The government gave the Syndicalists no sympathy. Mr. Hobhouse, Chancellor of the Duchy of Lancaster, speaking for the government at a debate on a motion by Mr. Ormsby Gore, said that Syndicalism had for its object the destruction of all capitalists. If it destroyed individual

⁸² *Hansard* (5th Ser.) (Commons), xxi, 597.

⁸³ *Ibid.* 656.

⁸⁴ J. H. Harley, *Syndicalism*, 74-5. Compare Levine, *Labor Movement in France* (Columbia Univ. Studies, 1912), pp. 132, 188-9, and Philip Snowden, *Socialism and Syndicalism*, p. 214 *et seq.*

⁸⁵ Compare also Mr. Cave in *Hansard* (5th Ser.) (Commons), xxxv, 1783-4.

⁸⁶ See motion by Mr. Ormsby Gore, *Hansard* (5th Ser.) (Commons), xxxvi, 535 *et seq.*

capitalism it would destroy other forms of capitalism, including the millions that we lend to other countries upon which the working classes as well as capitalists live and have their interest. 'No nation stands to lose so much by the abolition of capital as this country.'⁸⁷

Lord Robert Cecil, in the debate on the Minimum Wage Bill, attributed most of the greater strikes which occurred at this time to syndicalist influence. The syndicalist teaching, he said, was to seize the property of the owner for the benefit of the workers in the several industries, and the methods by which that was to be done were—first, the multiplied strike; secondly, the sympathetic strike; and thirdly, the general strike. Immediately succeeding the conferences of the Industrial Union of 1910 and 1911, which were largely composed of Syndicalists, there were outbreaks of strikes all over the country. These strikes were not ordinary labour disputes, but were unquestionably an attempt to obtain control of the industries of this country by a band of men with revolutionary and anarchical theories.⁸⁸ Mr. Lloyd George thought that Lord Robert Cecil took too serious a view of Syndicalism. He did not believe that Syndicalism was a peril, for no men of real influence or power have committed themselves to it. Syndicalism and Socialism were mutually destructive. The Socialist would prefer to deal with the capitalist, for if the whole profits of an industry were handed over merely to that particular industry a formidable obstacle in the way of Socialism would be raised. The best policeman for the Syndicalist was the Socialist.⁸⁹

Remedies for the prevailing discontent of industrial workers that received some little favour from the Conservative party were profit-sharing and co-partnership, which it was claimed gave the operatives an increased interest in the economy and efficiency of production. Wherever they had been set up there had never been the least danger from labour agitation. Profit-sharing is said to have had its origin in France, where Leclaire, a painter and decorator, started a 'Society of Mutual Help' in 1838, which developed as a profit-sharing scheme for dividing a part of the profits of his business among his principal workmen. Leclaire's system was followed by other firms in France and Belgium. In England early attempts at profit-sharing in the building trade have already been referred to, and later the Christian Socialists started the 'Society for Promoting Working Men's Associations,' which assisted in establishing works on a profit-sharing basis, but the society was not a success. One of the first schemes was inaugurated at the Briggs Colliery in 1865, but it failed in 1875 because too large a percentage was claimed on the capital.⁹⁰ In 1884 the Labour Co-partnership Association was founded, and has since organized profit-sharing schemes to suit all classes of business, particularly in the Midlands and North Country, where profit-sharing has been adopted in the boot and shoe, clothing, printing and other trades. A scheme of profit-sharing was introduced by

⁸⁷ *Hansard* (5th Ser.) (Commons), xxxvi, 553.

⁸⁸ *Ibid.* xxxv, 1766-7.

⁸⁹ *Ibid.* 1775-6.

⁹⁰ Rep. on Profit-sharing and Labour Co-partnership in the United Kingdom, *Parl. Papers*, 1912 [Cd. 6496], pp. 42, 46.

Sir George Livesey at the South Metropolitan Gas Company in 1889, and has worked with great success and contentment to the operatives. As at present conducted the operatives invest their dividends in shares of the company and are represented by three workmen who are elected by them to serve on the directorate.⁹¹ Gas companies being monopolies offer special facilities for profit-sharing, and thirty-three such companies with capitals amounting to over 50 millions have adopted it.

The principles of these systems were much discussed about 1912, and among the chief exponents in the House were Lord Hugh Cecil and Mr. Theodore Taylor. There were various schemes in force, but that explained by Mr. Taylor gave a fair idea of one which had been in use since 1892 at the woollen factories of his firm at Batley, in the West Riding of Yorkshire. The essence of the scheme was that standard wages should be paid to the operatives. After a moderate dividend on the capital had been taken as a first charge on the profits, the amount of wages paid during the year was added to the capital for the purpose of the division of the remainder of the profits. Thus, if the capital of a business was £120,000 and the profits for the year £16,000, a dividend of 5 per cent., or £6,000, would be a first charge on the profits, leaving £10,000 to be divided between capital and labour. Taking the wages paid during the year as £80,000, this sum would be added to the £120,000 capital, making £200,000, upon which another 5 per cent. would be paid—that is to say, £6,000 to capital and £4,000 among the operatives according to the amount of wages they had each received.⁹²

The Labour party viewed the system of profit-sharing with grave suspicion, and they and the trade unions gave it uncompromising opposition. They declared that the object of its promoters was to destroy the organization of the trade unions, and alleged, with some truth, that this was the original purpose of its introduction by the South Metropolitan Gas Company. They further stated that it was not applicable in factories where casual labour was employed.⁹³ Lord Robert Cecil and Lord Furness asked for a royal commission to inquire how far the principle of co-partnership could be applied to the chief trades of the country, but the Prime Minister could see no necessity for their request, although later he promised a Board of Trade report on the subject.⁹⁴

In its early development profit-sharing was no doubt adopted to weaken the power of the trade unions, but it may be fairly said that all idea of its application to this purpose has long been abandoned. The leaders of the trade unions, however, still rightly or wrongly maintain that the principles of profit-sharing and trade unionism are diametrically opposed. The one has for its object a community of interest between employers and employed in an individual business, while the other aims at enforcing a solidarity among the workmen of a whole trade in opposition to all the

⁹¹ *Parl. Papers*, 1912 [Cd. 6496], pp. 55–7.

⁹² *Hansard* (5th Ser.) (Commons), xxxiv, 113–14.

⁹³ *Ibid.* 139.

⁹⁴ *Ibid.* xxxii, 2701. See Rep. on Profit-sharing and Labour Co-partnership in the United Kingdom, *Parl. Papers*, 1912 [Cd. 6496].

employers of that trade. In other words, profit-sharing, by instituting a system of individual bargaining, weakens the power of trade unions to use collective bargaining. It was further contended that the distribution of surplus profits raised the question with the operatives as to the conduct of the business, and whether they should not have received such profits in the form of higher wages.⁹⁵

The application of the system of co-operation to small holdings had for some time been discussed, and Agricultural Co-operative Societies were formed for organizing the supply of chemical fertilizers and feeding stuffs and even for setting up factories for agricultural requirements. In 1910 Lord Shaftesbury introduced the Thrift and Credit Banks Bill into the House of Lords, the purpose of which was to establish co-operative credit societies or village banks, which by a combination of small holders could borrow capital cheaply for the use of their members. These banks were much in vogue on the Continent, and in Germany some 15,000 of them were established under the *Raffeißen* system.⁹⁶ The government proposed in 1910 to bring in a Bill for the establishment of co-operative credit banks for the benefit of agriculture, but the scheme was one of the many that had to make way for what were considered more urgent matters. Although the system was not adopted in Great Britain, it was very successfully carried out both in Ireland and India. In the case of Ireland small sums from about £2 to £10 are advanced by agricultural credit banks, and have been found a great boon to small farmers, who are, it is stated, always punctual in repayment. The mode of procedure is for an association to borrow a sum of money on the security of its members, or later, when it had become established, to use the deposited savings of its members. Loans are only granted for productive purposes, and repayment has to be made at the maturity of the crop. As the character and capacity of each borrower is known to the members he has only to find two sureties.⁹⁷ About 1890 Sir Horace Plunkett had by this means initiated the establishment of co-operative dairies in Ireland, and in 1894, the movement becoming too big to be controlled by individuals, the Irish Agricultural Organization Society was formed. Out of this there arose in 1897 the Irish Agricultural Wholesale Society for obtaining agricultural requirements at the lowest market prices and at a little later date the Irish Co-operative Agency Society for providing markets for agricultural produce. The efforts of these societies were directed most effectively to the encouragement of dairy, egg and poultry farming, bacon curing and tobacco growing. The scheme was based on the lines of the co-operative societies formed in Denmark, which had proved highly successful for dairy farming.⁹⁸ Sir Horace Plunkett worked hard to make

⁹⁵ See 'Profit-sharing,' by W. J. Ashley, in *Quarterly Review*, Oct. 1913, p. 509.

⁹⁶ *Hansard* (5th Ser.) (Lords), v, 696.

⁹⁷ Plunkett, *Ireland in the New Century*, 195.

⁹⁸ Denmark is a country of small holders; nine-tenths of the land is held by occupying owners. In France there were over 5,000,000 small holders. *Hansard* (5th Ser.) (Commons), xxvi, 1372.

the parent society a success.⁹⁹ He obtained government assistance, which was, however, withdrawn in 1908.¹⁰⁰ His efforts have had the effect of establishing a flourishing dairy farming industry in Ireland, and brought great relief to the poorer population of the western parts. In 1907 there were 219 co-operative credit banks in Ireland out of 249 for the United Kingdom.¹

It was largely due to the lack of co-operation that the Small Holdings Act of 1907 did not prove a success. Mr. Lloyd George, in introducing the Development Act of 1909, said that, 'if there is a real systematic effort made from outside to organize co-operation, I believe this country will begin to realize that the only way of competing with other countries, like Denmark, Belgium and Brittany, is by such a system of co-operation coupled with great improvements in the transport arrangements of this country.' He instanced several parts of the country where light railways were needed, but where 'there was no rich man who would undertake the work.'² 'We want the people,' he said, 'to stay on the land instead of crowding into the large towns.' In Denmark a healthy, strong agricultural population had increased since these experiments were carried out.³ Lord Carrington, President of the Board of Agriculture, hoped to promote the objects of the Act by increasing the number of co-operative credit banks and the organization of the sale of produce by means of co-operation. A grant, he said in 1911, would be made by the Agricultural Commissioners for providing organizers for establishing co-operative societies and advising the societies as to the marketing of their produce.⁴

The Unionists included in their programme a scheme for promoting the return of the people to the land by encouraging the increase of small freeholders (as opposed to the Liberal scheme for small tenant farmers), which was to be facilitated by government credits. In 1912 Mr. Stanier, Conservative member for Newport, contended in an amendment to the Address⁵ touching small holdings, that ownership gave freedom of cultivation greater than any other scheme. It gave security for outlay, and an incentive for industry and enterprise that no tenancy agreement could give. An ownership allowed the owner to devise his holding to whom he pleased. Farming would be better and the output greater.⁶ Mr. Jesse Collings, member for Bordesley, supported the motion. He said we were living in a fool's paradise through the neglect of agriculture, for no nation ever survived for long in the front rank which sacrificed agriculture to money getting and commercialism.⁷

⁹⁹ Pratt, *The Organization of Agriculture*, 270 *et seq.* Sir Horace Plunkett sets out his early difficulties in starting the co-operative movement in *Ireland in the New Century*, cap. vii.

¹⁰⁰ *Hansard* (5th Ser.) (Commons), xviii, 953.

¹ Porter, *Progress of the Nation* (ed. Hirst), 206. In 1913 the numbers given were 48 for England and Wales and 192 for Ireland (*Year Book of Social Progress*, 1913-14, p. 280).

² *Hansard* (5th Ser.) (Commons), x, 968.

³ *Ibid.* 969.

⁴ *Times*, 19 Oct. 1911, p. 12. Probably the grant of £50,000 yearly to the Board of Agriculture recommended by the Development Commissioners for agricultural research, including economics of agriculture, is referred to by Lord Carrington. *Times*, 26 Aug. 1911, p. 6.

⁵ *Hansard* (5th Ser.) (Commons), xxxiv, 888.

⁶ *Ibid.* 892.

⁷ *Ibid.* 900.

In Scotland little has been done towards the increase of small holdings beyond the Crofters Acts. In 1911 the Small Landholders Bill was reintroduced and passed. By its provisions the Crofters Acts were made to apply throughout Scotland, and a Land Court and Agricultural Commission were set up.⁸

The Unionist party, which still included many free traders,⁹ was being gradually forced to accept tariff reform as the remedy for labour discontent, and as an alternative to the new financial measures of the Chancellor of the Exchequer. It was contended that Labour Exchanges, insurance against unemployment and such schemes, good as they were in themselves, were mere palliatives of the disease of unemployment—they were no remedies for the disease itself.¹⁰ The remedy was deeper, requiring a new and great constructive policy. It was admitted that free trade had done a great deal in developing and enriching this country, but conditions had changed and we had not changed. We were formerly the manufacturers to the world. To-day the world wanted to manufacture for us. Richard Cobden said that we should manufacture for the world and let the world feed us. To-day the world wanted both to feed us and clothe us.¹¹ Mr. Balfour declared that Great Britain could not, as in the agreeable dream of our ancestors, be the sole manufacturer of the world. The diplomatists of the lesser powers thought the British people were not alive to a sense of their responsibilities with regard to the maintenance of their navy, and must therefore be beaten. Germans of position had even said, Do you suppose we should ever allow Great Britain to adopt tariff reform? That, said Mr. Balfour, made his blood boil.¹²

The younger members of the Unionist party desired a more pronounced policy, and to effect this the Réveille movement, as it was called, was started by Lord Willoughby de Broke, Mr. Page Croft, Mr. Peto, Mr. Burgoyne, Mr. Maxse, and others. While professing loyalty to the leader of their party, the promoters pressed for the adoption of the whole of Mr. Chamberlain's policy. The movement gradually attracted adherents, who laid stress on the disastrous effect of hostile tariffs on the industries and employment of the country. Mr. Hamilton Benn, member for Greenwich, desired to see the entire abandonment of the policy of *laissez-faire*, and complained of the want of interest shown in commercial matters by the British representatives abroad. It was necessary to examine the question of tariffs on the spot in the countries where they exist, and it would be found that to try to alter a hostile tariff with free imports was like going into battle with an umbrella

⁸ *Hansard* (5th Ser.) (Commons) xxvi, 1355. The Crofters' Holdings (Scotland) Act, 1886 (Stat. 49, 50 Vict., cap. 29), was for giving security of tenure to crofters in the Highlands and Islands of Scotland.

⁹ As a result of the adoption of tariff reform by the Unionist party the Unionist Free Trade Club was dissolved in March 1910; some of the members, under the Earl of Cromer, founded a Constitutional Free Trade Association, while others, including Lord James of Hereford, Sir Frederick Pollock and Mr. Arthur Elliot, joined the Free Trade Union.

¹⁰ Austen Chamberlain, 23 Feb. 1910, in *Hansard* (5th Ser.) (Commons), xiv, 219.

¹¹ R. Thompson, 23 Feb. 1910, *Hansard* (5th Ser.) (Commons), xiv, 249.

¹² Speech at Hanley, 4 Jan. 1910, *Ann. Reg.* 1910, p. 3.

against a pom-pom.¹³ Mr. Samuel Storey said that there was a state of unemployment which was a menace to the prosperity of the country, and that its main cause was our fiscal system, which in its present attitude was powerless to help us in foreign markets and gave absolute liberty to foreigners to send their goods to our market. He believed that the repeal of the fiscal system would be brought about by a combination of tariff reformers of all shades of political opinion and by the conjoint action of the trade unions of this country.¹⁴ Although a free trader, Sir Arthur Markham argued that 'if you are going to increase the cost of production and allow foreign goods to come in at the same rates, you are going to commit suicide as a nation and with no material advantage to the working classes concerned.'^{14a}

The problem of unemployment was of such gravity in 1910 that no public man could afford to underrate it. Unemployment, Mr. Austen Chamberlain asserted,¹⁵ was a chronic and continuous symptom of our social system, whether trade was good or bad. In his opinion it was because the demand for productive labour in this country and the production of the country have not kept pace either with the increase in the world's demand or with the growth in our own population. The world grows richer and we grow richer with it. The Chancellor of the Exchequer boasted that we are the richest country in the world, but he doubted whether the wealth of the United States was not greater. The test of a fiscal system is not merely whether it succeeds in producing the greatest amount of wealth, but whether it provides comfortable subsistence for the largest number of people within the country, and judged by that test our system fails. It does not maintain in productive labour the same proportion of the population either in agriculture or in our great industries as it did twenty years ago, and, though everywhere the demand is growing, yet our people are thronging the labour exchanges in search of work which they cannot find, our soil does not produce nearly as much food as we require, the vast natural resources overseas are undeveloped, and our industries fail to absorb the natural growth of our population.¹⁶ The Labour party and some of the Liberal party, he declared, were concentrating their efforts on a redistribution of the wealth of the country, which they think can be secured by taxation. The policy of tariff reform, on the other hand, does not seek a redistribution of existing wealth, but endeavours to increase the wealth of the country, an increase in which all may share, from which each may derive more advantage and from which, under present conditions, the largest share must go to the largest class of the population—those working classes whose interests are so often on our lips but are not always to be found in the legislative projects upon which the heart of the House of Commons at the moment is most set. It was not the desire of tariff reformers to establish monopolies or to create prohibitions, but their wish was to give the preference to home production first of all and to British overseas production next.¹⁷ The late Lord Play-

¹³ *Hansard* (5th Ser.) (Commons), xvi, 515, 521. ¹⁴ *Ibid.* 528, 539. ^{14a} *Ibid* xxxiv, 150.

¹⁵ 23 Feb. 1910, *Hansard* (5th Ser.) (Commons), xiv 218. ¹⁶ *Ibid.* 219. ¹⁷ *Ibid.* 220-1.

fair did not hesitate when the McKinley Tariff was passed to say if America were not proved wrong, then we must reconsider our whole position and our whole policy, and yet no man in America will say that America was wrong. In the same way the expansion of German industry dates from her adoption of tariffs.¹⁸

Mr. Crawshay-Williams, in reply, protested that the policy of tariff reformers was founded on two chief delusions: firstly, that British trade was in a state of decay; and, secondly, that protectionist countries were better off than this country in industrial matters. The first he denied, and brought figures to show that our exports had increased. With regard to the second delusion, protectionist countries might have a few more millionaires, but he denied most emphatically that the masses in this country were not far better off than the masses in the United States, France and Germany. The question had got to be fought out, and the fight was between the interests of the people on the one hand and the interests of a plutocracy and a minority on the other.¹⁹

Mr. Austen Chamberlain again returned to the question of tariff reform by an amendment to the Address which he moved on 8 February 1911. His motion was that the House expressed its regret that the persistent refusal of the government to modify the fiscal system of the country was imperilling the advantages at present derived by British commerce from the preference granted by the Dominions overseas; had deferred the closer commercial union of the Empire; and had deprived the country of the most effective method of inducing foreign countries to grant fair treatment to British manufacturers.²⁰ He referred particularly to the agreement provisionally made between Canada and the United States. The tariff system of Canada was a treaty system, they had treaties with some twenty different nations containing a most-favoured-nation clause, each of these twenty nations according to the British and Canadian interpretation enjoying the same rates of duties as were open to the United States. But this is not the interpretation of the United States, which contends that it can make special arrangements with any power and need not share the advantages with other powers with which it has treaties. Were, he asked, British manufacturers to have the same favoured rates of duties as the exporters in Canada? ²¹ He argued that corn would go southward from Canada to the United States and the trucks which carried the corn would not return northward empty. Preference can be given as easily through railway rates as through a tariff system.²²

Sir Edmund Walker, the leading authority on Canadian finance, had shown at a meeting in Toronto that the treaty between Canada and the United States would disturb the whole trend of Canadian trade. The means of transport had been devised for an east to west and west to east traffic and the agreement would cause a serious check to development along

¹⁸ *Hansard* (5th Ser.) (Commons), xiv, 222.

¹⁹ *Ibid.* 389-92.

²⁰ *Ibid.* xxi, 293.

²¹ *Ibid.* 298-9.

²² *Ibid.* 300.

these lines.²³ The agreement with the United States did not, however, mature. Sir Wilfred Laurier went to the country on this issue and was overwhelmingly defeated.

The question of imperial federation was again raised in a debate on the shortage of cotton which occurred at this time. Mr. G. A. Arbuthnot, member for Burnley, in a maiden speech delivered on 21 March 1910, declared that Germany, America and other countries behind their tariff walls were making great calls upon the cotton supply of the world, and therefore the same amount was no longer available for the Lancashire spindles and looms.²⁴ There was no doubt that the ultimate goal of America was to wrest from this country pre-eminence in the supply and manufacture of cotton goods, and before long she would require the bulk of her cotton for her own mills. On the Continent, in France, the spindles had increased in the last thirty years by 75 per cent. and in Germany by 100 per cent. The world was dependent on America alone for its supply of cotton, seven-eighths of the raw cotton in this country coming from there. The black cloud which then hung over Lancashire was caused simply because manufacturers could not obtain raw material at such prices as would enable them to manufacture their cloth at a profit.²⁵ Long-staple cotton suitable for Lancashire mills could be grown in Egypt, the West Indies, India, the Soudan, East Africa, Nyassaland and Uganda, while in West Africa there were almost unlimited fields for its growth. Nigeria if properly developed would supply almost a sufficient amount of cotton for the whole of the looms of Lancashire, Derbyshire and Cheshire. All political parties in Lancashire were grateful to the government for making a grant to the British Cotton Growing Association. This association had during the last few years marketed some two million pounds' worth of cotton, but the process was slow.²⁶ He wanted to know if the government could not step in and hasten the development of these cotton-growing areas and insist that the cotton grown should be used in relief of Lancashire. With regard to the Egyptian cotton, out of every 120 tons, England only got 57 tons and America 63 tons.²⁷ The Colonial Secretary, replying on behalf of the government, gave a most emphatic 'No' to the question whether cotton grown within the Empire could be diverted to Lancashire. 'That was not the policy of His Majesty's government.'²⁸

The proposal of Mr. Bonar Law, leader of the Unionist party, in December 1912 to impose a small duty on wheat and other food commodities met at first with a lukewarm reception.²⁹ Nevertheless the cause of tariff reform steadily advanced. The speeches on both sides at several important debates in the House merely reiterated the oft-repeated arguments and little new light was thrown on the subject either from the Imperial or domestic point of view.

The government were so much occupied with other matters that they

²³ Ashley, *The Tariff Problem*, 3rd ed., p. xii; *British Dominions*, ed. Ashley, 257.

²⁴ *Hansard* (5th Ser.) (Commons), xv, 883.

²⁵ *Ibid.* 884.

²⁶ *Ibid.* 886.

²⁷ *Ibid.* 887.

²⁸ *Ibid.* 889.

²⁹ *Ibid.* li, 510; *Ann. Reg.* 1912, p. 268. Speech at Ashton-under-Lyne.

had little time to consider foreign affairs, but a feeling of anxiety was aroused among diplomatists in the House at the increasing German penetration of the south-east of Europe, India and the East. The matter became the subject of discussion in Parliament in 1911 with regard to the construction of the Bagdad Railway.³⁰ As far back as 1829 steps had been taken by Englishmen to discover an overland route to India, and in 1835 Col. Chesney was put in command of an expedition to make a survey for a line through Mesopotamia to a port on the Persian Gulf.³¹ He reported favourably, and the Turks and Arabs were willing to give every facility for carrying out the work. A further expedition was sent out under Chesney and Sir John Macneill in 1856. Nothing, however, was done, and the construction of the Suez Canal for a time absorbed the attention of those interested in communication with India. The matter was again brought up in the 'seventies, when the alternative routes by the Euphrates Valley and Tigris Valley were much discussed. The government looked upon the scheme purely as a strategic railway. Although it passed through an undeveloped fertile and metalliferous district and would tap the vast resources of Persia, a line of some 1,500 miles could never pay commercially without a government guarantee, which they were not prepared to give. Negotiations were from time to time opened with the Porte for concessions, but no encouragement was given by the British government. In the meanwhile the Germans saw the immense advantages which would accrue from the control of a railway through Asia Minor and Mesopotamia. About 1888 a German syndicate, backed by the German government, bought up the shares in the short railway from Scutari to Ismid belonging to an English Company. The syndicate developed into the German Anatolian Railway Company, and soon obtained concessions to extend the line to Angora and Konia. After the visit of the German Emperor to Constantinople in 1898 the Bagdad Railway Convention was negotiated and finally settled in March 1903. By this agreement a line was to be constructed under German auspices to the Persian Gulf and extensive proprietary rights were granted along the proposed course of the railway. Work was shortly afterwards commenced on various sections.

Mr. Balfour, speaking in the House on 8 March 1911, expressed considerable anxiety regarding these developments in Asia Minor and Mesopotamia.³² He thought the government was inclined to ignore the close relation existing between policy, diplomacy and imperial interests. We had an overwhelming proportion of the trade which went up the Tigris and then across by road to the frontier of Persia. What safeguard would that trade have if the Germans obtained the proposed concession for a branch line from Bagdad to Khanikin and the Russians the concession for a line within the Persian frontier? Apart also from Britain's preponderance of com-

³⁰ *Hansard* (5th Ser.) (Commons), **xxi-xxiv, xxxii, passim.**

³¹ Chesney, *Narrative of the Euphrates Expedition*, pp. vi, viii, ix.

³² *Hansard* (5th Ser.) (Commons), **xxii, 1271.**

mercial interests in that part of the world, we had strategic interests connected with our prestige in India and Afghanistan which were threatened by an extension of the Bagdad Railway to Koweit.³³ Sir Edward Grey stated that the Russian concession was for a line from Khanikin to Teheran, and it would have been impossible for us to have secured a concession for railways in the north of Persia.³⁴ Further debate was continued in the House of Lords by a motion of Lord Curzon for papers.³⁵ Lord Morley informed the House that Germany had renounced the concession for the portion of the line from Bagdad southward in consideration of a concession for a line to Alexandretta.³⁶ Lord Curzon, however, was doubtful whether the line southward from Bagdad was wanted, as it might very well be found that ships would go up the river to Basra or even to Bagdad.³⁷ The danger of permitting Alexandretta to become a German port was pointed out by Lord Newton and others.³⁸ Sir Edward Grey in 1914 announced that arrangements had been made whereby the line was not to be continued beyond Basra, for the admission of two British representatives on the directorate of the Bagdad Railway Company and for an equality of rights and rates.³⁹

Much uneasiness was felt about a possible alteration of the trade route to India and the East, and a through line of railway to those parts was a new argument in favour of the Channel Tunnel. It was further pressed by a deputation in favour of this undertaking to the Prime Minister in 1913 that the new grouping of the powers had introduced new factors since Sir Henry Campbell-Bannerman withheld his support from the scheme in 1907.⁴⁰

Home Rule for Ireland thrust aside all other questions. The crisis consequent on the passing of this Bill in 1914 was leading to further disturbances which, having regard to the intense feelings of labour and militant suffragists, could not, it would seem, be confined to Ireland. At the end of July, however, the declaration of war by Austria-Hungary upon Serbia led to Germany's invasion of Belgium and France and the declaration of war by Russia. Finally, on 4 August, all parties having abandoned their differences, Great Britain once again took upon herself the rôle of champion of the liberties of Europe.

³³ *Hansard* (5th Ser.) (Commons), xxii, 1272-4.

³⁴ *Ibid.* 1283.

³⁵ *Ibid.* (Lords), vii, 573.

³⁶ *Ibid.* 594.

³⁷ *Ibid.* 611.

³⁸ *Ibid.* 1079.

³⁹ *Ibid.* (Commons), lxiv, 117 *et seq.*

⁴⁰ *Ann. Reg.* 1913, p. 186.

APPENDIX No. I

THE CABINET AND PARLIAMENT

THE two outstanding features of political development during the period under review are the expansion of the party system and the increasing power of the cabinet. Both party system and cabinet grew out of the 17th century conflict between King and Parliament. They were established by the revolution of 1688, and strengthened by the Septennial Act (1716), which tended to make the House of Commons more independent of both public opinion and the Crown.¹ The cabinet had its origin in a committee of the Privy Council which had been presided over by the sovereign until George I, being unable to understand the language of the discussions, ceased to attend.² From this time no sovereign has been present at the cabinet councils, but the Prime Minister for the time being has taken his place as president, and his reports of the transactions supplied to the monarch are the only records of the proceedings. Although George III endeavoured to control the cabinet by attempting to force a Prime Minister on Parliament, later sovereigns have more and more avoided the expression of any political bias.

The idea that the independence of both cabinet and Parliament is to be maintained by strict secrecy has been for long held. At the cabinet councils it is contrary to etiquette for a member to take a note of the proceedings or divulge anything that takes place. The same theory formerly held good with regard to proceedings in Parliament, and the publication of all debates was strictly prohibited. The rule is still theoretically in force, but in 1803 Thomas Curson Hansard, a printer, received permission to compile and publish reports of parliamentary debates, which have become the official records of the transactions of the two Houses. Newspapers soon afterwards acquired similar facilities, and the regular publication of the division lists in 1836 further curtailed the independence of the members and increased party discipline.

The Reform Act of 1832 caused a complete change in parliamentary life. 'The whole character and conduct of Parliament,' said Sir Spencer Walpole, 'had been modified by the Reform Act. The reformed House of Commons was largely recruited from a class of persons who had found no place in the unreformed House.' The new members insisted on expressing their views, 'and on obtaining comprehensive information on many subjects in which they and those who had sent them to Parliament were interested. Their determination in these respects produced two results. Parliamentary debates were lengthened to an enormous and, as some people thought, to an inordinate degree; parliamentary papers were multiplied to an

¹ A constituency has never been able to rid itself of its representative between general elections except through public opinion. Hence the longer the duration of Parliament the greater the independence of members.

² Sidney Low, *The Governance of England*, p. 42.

extent which probably no one who has not had occasion to consult them regularly has realised.'³ The greater dependence of members on public opinion no doubt largely caused the increase of debates referred to and new procedure had to be devised.⁴ In the early part of the century attention had been called to public and private grievances by means of petitions, 'the birthright of every British subject,' but in consequence of the closer relations between members and their constituents the system became cumbersome and wasteful of the time of the House. In 1839 discussion on petitions was forbidden. The place of petitions was partly taken by questions which became even a greater source of waste of time. In 1902, therefore, a rule was made that oral answers should be given only when specially asked for.

The increasing number of speakers which followed the Reform Act and the enlargement of the conception of the functions of government brought a greater growth of business than the House could cope with. This became emphasized by the forms of obstruction employed by Parnell and the Irish party in the 'seventies and as a consequence led to measures which restricted the powers of private members and greatly increased those of the cabinet. In the early part of the century bills of first-class importance had often been introduced by private members and found their way on to the Statute Book. Later an uncontroversial bill introduced by an independent member would have its chance, but in more recent times, unless a bill was endorsed by the cabinet as part of their programme, its chance of receiving a hearing was very remote. The 'discussion of a measure is possible in the cabinet,' said Lord Salisbury in 1894, 'but for any effective or useful purpose it is rapidly becoming an impossibility in the House of Commons.'⁵ The difficulties of obtaining a hearing for bills introduced by private members had increased owing to the growing number of ministerial measures, in consequence of which the government claimed nearly all the time of the House and endeavoured to fix each day's programme in favour of government business. The country was thus ceasing to be governed by Parliament and was being ruled by a cabinet. Further, the increasing size of modern cabinets necessitated the formation of a conclave or inner cabinet, which was usurping the powers of the cabinet as a whole and leading to government by the Prime Minister. All this is largely owing to the fact that the cabinet system relies for its success on the existence of only two great parties, for the organization of party government must inevitably be thrown into confusion so soon as the ministry has to rely on a collection of groups or factions. The rise of the Irish Nationalist party and of the Labour party has thus led to great difficulties in party discipline of recent years. The power of the cabinet has been further increased by the curtailment of the right of the House of Lords to act as a revising chamber.

³ Spencer Walpole, *History of England*, iv, 340-1.

⁴ There are fewer independent members to-day than there were before the Reform Act. The men who bought their membership could afford to say what they thought and vote as their consciences dictated, better than those who are elected under the present system (Porritt, *The Unreformed House of Commons*, i, 363).

⁵ Sidney Low, *op. cit.*, 76.

APPENDIX No. II

MINISTRIES, 1812-1912

NOTE.—An asterisk * indicates that the holder of the office indicated was not in the Cabinet.

OFFICES.	JUNE, 1812.	APRIL, 1827.	SEPTEMBER, 1827.
Prime Min. and First Ld.			
of Treas.	E. of Liverpool	G. Canning	Visct. Goderich.
Lord Chancellor ..	Ld. Eldon	Ld. Lyndhurst	Ld. Lyndhurst.
Lord President ..	E. of Harrowby	E. of Harrowby	D. of Portland.
Lord Privy Seal ..	E. of Westmorland ..	D. of Portland	E. of Carlisle.
		E. of Carlisle (July)	
Ld. Lieut. of Ireland ..	D. of Richmond * ..	Marq. Wellesley * ..	Marq. Wellesley.*
	Visct. Wentworth *(1813).		
	Earl Talbot *(1817).		
	Marq. Wellesley *(1821).		
Chan. of the Exchequer	N. Vansittart	G. Canning	J. C. Herries.
	F. J. Robinson (1823).		
Home Secretary ..	Visct. Sidmouth	W. S. Bourne	Marq. of Lansdowne.
	R. Peel (1822)	Marq. of Lansdowne (1827).	
Foreign Secretary ..	Visct. Castlereagh ..	Visct. Dudley	E. of Dudley.
	G. Canning (1822).		
Sec. for Colonies and War	Earl Bathurst	Visct. Goderich	W. Huskisson.
Irish Secretary ..	R. Peel *	Hon. W. Lamb * ..	Hon. W. Lamb.*
	C. Grant * (1819).		
	H. Goulburn * (1823).		
Board of Control ..	E. of Buckinghamshire ..	C. W. Wynne	C. W. Wynne.
	G. Canning (1816).		
	C. B. Bathurst (1821).		
	C. W. Wynne (1822).		
Secretary at War ..	Visct. Palmerston * ..	Visct. Palmerston ..	Visct. Palmerston.
First Ld. of Admiralty	Visct. Melville	D. of Clarence * ..	Duke of Clarence.*
Pres. of Bd. of Trade ..	E. of Clancarty * ..	W. Huskisson	C. Grant.
	F. J. Robinson (1818).		
	W. Huskisson (1823).		
Chan. of Duchy of Lancaster ..	C. B. Bathurst	Ld. Bexley	Ld. Bexley.
	N. Vansittart (1823).		
First Comr. of Woods and Forests ..	C. Arbuthnot *		
		C. Arbuthnot*	W. S. Bourne.
		E. of Carlisle (1827).	
		W. S. Bourne (1827).	
		D. of Manchester*	D. of Manchester.*
Postmaster-General ..	E. of Chichester * } joint		
	E. of Sandwich * } joint		
	E. of Chichester * } joint		
	Marq. of Salisbury * } 1819		
	Ld. Fred. Montagu * } (1826).		
Paymaster-General ..	Ld. Chas. Somerset * } joint	W. V. Fitzgerald * ..	W. V. Fitzgerald.*
	Chas. Long * (1819).		
	W. V. Fitzgerald * (1826).		
Mast. Gen. of Ordnance	Ld. Mulgrave	Marq. of Anglesey * ..	Marq. of Anglesey.*
	D. of Wellington (1819).		
Without Office ..	Marq. Camden	D. of Portland (July, 1827).	
	Ld. Mulgrave (1818-20) ..	Marq. of Lansdowne (May to July).	
	Visct. Sidmouth (Jan. 1822).		

OFFICES.	JANUARY, 1828.	NOVEMBER, 1830.	JULY, 1834.
Prime Min. and First Ld.			
of Treasury .. .	D. of Wellington	Earl Grey	Visct. Melbourne.
Lord Chancellor ..	Ld. Lyndhurst	Ld. Brougham	Ld. Brougham.
Lord President ..	Earl Bathurst	Marq. of Lansdowne ..	Marq. of Lansdowne.
Lord Privy Seal ..	Ld. Ellenborough ..	Ld. Durham	E. of Mulgrave.
	E. of Rosslyn (1829) ..	E. of Ripon (1833).	
		E. of Carlisle (1834).	
Ld. Lieut. of Ireland ..	Marq. of Anglesey * ..	Marq. of Anglesey * ..	Marq. Wellesley.*
	D. of Northumberland * (1829)	Marq. Wellesley * (1833).	
		E. of Haddington (1834).	
Chan. of the Exchequer	H. Goulburn	Visct. Althorp	Visct. Althorp.
Home Secretary ..	R. Peel	Visct. Melbourne ..	Visct. Duncannon.
Foreign Secretary ..	Earl Dudley	Visct. Palmerston ..	Visct. Palmerston.
	E. of Aberdeen (1828).		
Sec. for Colonies and War	W. Huskisson	Visct. Goderich	T. Spring Rice.
	Sir G. Murray (1828) ..	E. G. Stanley (1833).	
		T. Spring Rice (1834).	
Irish Secretary ..	Ld. F. Leveson-Gower * ..	E. G. Stanley * ..	E. J. Littleton.*
	Sir H. Hardinge * (1830) ..	Sir J. C. Hobhouse * (1833).	
		E. J. Littleton * (1833).	
Board of Control ..	Visct. Melville	C. Grant	C. Grant.
	Ld. Ellenborough (1828).		
Secretary at War ..	Visct. Palmerston	C. W. Wynne * ..	E. Ellice.
	Sir H. Hardinge * (1828) ..	Sir H. Parnell * (1831).	
		Sir J. C. Hobhouse * (1832).	
		E. Ellice * (1833).	

First Ld. of Admiralty ..	D. of Clarence * ..	Sir J. R. Graham ..	Ld. Auckland.
Pres. of Bd. of Trade ..	Visct. Melville (1828) ..	Ld. Auckland (1834).	C. P. Thomson.
Chan. of Duchy of Lancaster	C. Grant ..	Ld. Auckland *	Ld. Holland.*
First Comr. of Woods and Forests	W. V. Fitzgerald (1828) ..	C. P. Thomson (1834).	
Postmaster-General ..	E. of Aberdeen ..	Ld. Holland ..	
	C. Arbuthnot * (1828).		
	Visct. Lowther * (1828) ..	Visct. Duncannon * (1831).	Sir J. C. Hobhouse.*
	D. of Manchester *	D. of Richmond ..	Marq. Conyngham.*
Paymaster-General ..	W. V. Fitzgerald *	Marq. Conyngham * (1834).	
	John Calcraft * (1828).	Ld. John Russell ¹ ..	Ld. John Russell.
Mast. Gen. of Ordnance Without Office ..	Visct. Beresford * ..	Sir Jas. Kempt * ..	Sir Jas. Kempt.*
	—	E. of Carlisle (to June, 1834).	—

¹ Admitted to Cabinet, 1831.² Admitted to Cabinet, 1834.

OFFICERS.	NOVEMBER, 1834.	DECEMBER, 1834.	APRIL, 1835.
Prime Min. and First Ld. of Treas. ..	D. of Wellington ..	Sir R. Peel ..	Visct. Melbourne.
Lord Chancellor ..	Ld. Lyndhurst ..	Ld. Lyndhurst ..	In Commission.
			Ld. Cottenham (1836).
Lord President ..	—	E. of Rosslyn ..	Marq. of Lansdowne.
Ld. Privy Seal ..	—	Ld. Wharnccliffe ..	Visct. Duncannon.
			E. of Clarendon (1839).
Ld. Lieut. of Ireland ..	—	E. of Haddington * ..	E. of Mulgrave.*
			Visct. Ebrington * (1839).
Chan. of the Exchequer	Ld. Denman ..	Sir R. Peel ..	T. Spring Rice.
Home Secretary ..	D. of Wellington ..	H. Goulburn ..	Sir F. T. Baring (1839).
			Ld. John Russell.
Foreign Secretary ..	D. of Wellington ..	D. of Wellington ..	Marq. of Normanby (1839).
Sec. for Colonies and War	D. of Wellington ..	E. of Aberdeen ..	Visct. Palmerston.
			C. Grant.
			Marq. of Normanby (1839).
Irish Secretary ..	—	Sir H. Hardinge *	Ld. John Russell (1839).
Bd. of Control ..	—	Ld. Ellenborough ..	Visct. Morpeth. ¹
Secretary at War ..	—	J. C. Herries ..	Sir J. C. Hobhouse.
			Visct. Howick.
First Ld. of Admiralty ..	—	Earl de Grey ..	T. B. Macaulay (1839).
			Ld. Auckland.
Pres. of Bd. of Trade ..	—	A. Baring ..	E. of Minto (1835).
			C. P. Thomson.
Chan. of Duchy of Lancaster	—	C. W. Wynne * ..	H. Labouchere (1839).
			Ld. Holland.
			E. of Clarendon (1840).
			Sir G. Grey (1841).
First Comr. of Woods and Forests ..	—	Ld. Granville Somerset *	Visct. Duncannon *
Postmaster-General ..	—	Ld. Maryborough *	E. of Lichfield.*
Paymaster-General ..	—	Sir E. Knatchbull ..	Sir Hen. Parnell.*
Ordnance ..	—	Sir Geo. Murray ..	Sir R. H. Vivian *

¹ Admitted to the Cabinet, 1839.² Admitted to the Cabinet, 1837.

OFFICERS.	SEPTEMBER, 1841.	JULY, 1846.	FEBRUARY, 1852.
Prime Min. and First Ld. of Treas. ..	Sir R. Peel ..	Ld. John Russell ..	E. of Derby.
Lord Chancellor ..	Ld. Lyndhurst ..	Ld. Cottenham ..	Ld. St. Leonards
		In Commission (1850).	
		Ld. Truro (1850).	
Lord President ..	Ld. Wharnccliffe ..	Marq. of Lansdowne ..	E. of Lonsdale.
Ld. Privy Seal ..	D. of Buccleuch (1846).	E. of Minto ..	Marq. of Salisbury.
	Duke of Buckingham ..		
	D. of Buccleuch (1842).		
	E. of Haddington (1846)		
Ld. Lieut. of Ireland ..	Earl de Grey *	E. of Bessborough *	E. of Eglinton.*
	Ld. Heytesbury * (1844) ..	E. of Clarendon * (1847)	
Chan. of Exchequer ..	H. Goulburn ..	Sir C. Wood ..	B. Disraeli.
Home Secretary ..	Sir J. R. Graham ..	Sir G. Grey ..	Spencer Walpole.
Foreign Secretary ..	E. of Aberdeen ..	Visct. Palmerston ..	E. of Malmesbury.
		Earl Granville (1851).	
Sec. for Colonies and War	Ld. Stanley ..	Earl Grey ..	Sir John Pakington.
	W. E. Gladstone (1845).		
Secretary at War ..	Sir H. Hardinge ..	Fox Maule ¹ ..	W. Beresford.*
	Sir T. F. Fremantle * (1844)	R. V. Smith (1852).	
	Sidney Herbert (1845).		
Board of Control ..	E. of Ellenborough ..	Sir J. C. Hobhouse ..	J. C. Herries.
	Ld. Fitzgerald (1841) ..	Ld. Panmure (1852).	
	E. of Ripon (1843).		
Sec. for Ireland ..	Ld. Elliot ..	H. Labouchere ..	Ld. Naas.*
	Sir T. F. Fremantle * (1845)	Sir W. Somerville * (1847).	
	E. of Lincoln (1846).		
First Ld. of Admiralty ..	E. of Haddington ..	E. of Auckland ..	D. of Northumberland.
	E. of Ellenborough (1846)	F. T. Baring (1849).	
Pres. of Bd. of Trade ..	E. of Ripon ..	E. of Clarendon ..	J. W. Henley.
	W. E. Gladstone * (1843)	H. Labouchere (1847).	
	E. of Dalhousie * (1845).		
Chan. of Duchy of Lancaster	Ld. Granville Somerset *	Ld. Campbell ..	R. A. Christopher.*
		E. of Carlisle (1850).	
First Comr. of Woods and Forests	E. of Lincoln ² ..	Visct. Morpeth.	
Postmaster-General ..	Ld. Lowther * ..	Ld. Seymour ¹ (1850).	E. of Hardwicke.
	E. of St. Germans * (1845).	Marq. of Clanricarde	

First Comr. of Works ..	—	—	Ld. John Manners.
Paymaster-General ..	Sir E. Knatchbull .. W. B. Baring * (1845).	Ld. Seymour ¹ (1850). T. B. Macaulay .. Earl Granville ¹ (1847). Lord Stanley of Alderley * (1851).	Ld. Colchester.*
Ordinance ..	Sir Geo. Murray *	Marq. of Anglesey *	Visct. Hardinge.* Ld. Raglan * (1852).
Without Office ..	D. of Wellington.	—	—
	¹ Admitted to the Cabinet, 1851.	² Admitted to the Cabinet, 1845.	³ Admitted to the Cabinet, 1844.
OFFICES.			
	DECEMBER, 1852.	FEBRUARY, 1855.	FEBRUARY, 1858
Prime Min. and First Ld. of Treas. ..	E. of Aberdeen ..	Visct. Palmerston ..	E. of Derby.
Lord Chancellor ..	Ld. Cranworth ..	Ld. Cranworth ..	Ld. Chelmsford.
Lord President ..	Earl Granville ..	Earl Granville ..	Marq. of Salisbury.
Ld. Privy Seal ..	Ld. John Russell (1854). D. of Argyll ..	D. of Argyll .. E. of Harrowby (1855). Marq. of Clanricarde (1857). E. of Carlisle * ..	E. of Hardwicke. E. of Eglinton.* B. Disraeli.
Lord Lieut. of Ireland..	E. of St. Germans *	W. E. Gladstone ..	W. E. Gladstone ..
Chan. of Exchequer ..	W. E. Gladstone ..	Sir G. C. Lewis (1855). Sir G. Grey ..	Spencer Walpole. J. H. Sotheman-Escourt (1850).
Home Secretary ..	Visct. Palmerston ..	E. of Clarendon ..	E. of Malmesbury.
Foreign Secretary ..	Ld. John Russell .. E. of Clarendon (1853).	Sidney Herbert .. Ld. John Russell (1855) .. Sir W. Molesworth (1855). H. Labouchere (1855).	Ld. Stanley. Sir E. Bulwer-Lytton (1855).
Sec. for the Colonies ..	D. of Newcastle .. Sir G. Grey (1854) ..	Ld. Panmure .. Sir C. Wood .. R. V. Smith (1855) .. E. Horsman * .. H. A. Herbert * ..	Gen. Peel. E. of Ellenborough. Ld. Stanley (1858). Ld. Naas.*
Secretary for War (1854)	D. of Newcastle ..	Sir J. R. Graham ..	Sir John Pakington.
Sec. of Bd. of Control .. (India, August, 1858)	Sir C. Wood ..	Sir C. Wood (1855).	J. W. Henley. E. of Donoughmore (1859).
Sec. for Ireland..	Sir J. Young *	E. Cardwell * .. Ld. Stanley of Alderley (1855).	D. of Montrose.*
First Ld. of Admiralty..	Sir J. R. Graham ..	Sir W. Molesworth .. Sir Benj. Hall * (1855). Visct. Canning ..	Ld. John Manners. Ld. Colchester.*
Pres. of Bd. of Trade ..	E. Cardwell * ..	D. of Argyll (1855). Ld. Stanley of Alderley * .. Robert Lowe * (1856). Marq. of Lansdowne.	E. of Donoughmore.*
Chan. of Duchy of Lancaster	E. Strutt * .. Earl Granville (1854) ..	E. of Harrowby .. M. T. Baines (1857). Sir W. Molesworth ..	Ld. John Manners.
First Comr. of Works ..	Sir W. Molesworth ..	Visct. Canning ..	Ld. Colchester.*
Postmaster-General ..	Visct. Canning * ..	Ld. Stanley of Alderley * .. Robert Lowe * (1856). Marq. of Lansdowne.	E. of Donoughmore.*
Paymaster-General ..	Ld. Stanley of Alderley *	—	—
Without Office ..	Ld. John Russell (February, 1853-June, 1854). Marq. of Lansdowne.	—	—
OFFICES.			
	JUNE, 1859.	JUNE, 1866.	DECEMBER, 1868.
Prime Min. and First Ld. of Treas. ..	Visct. Palmerston .. Earl Russell (1865) ..	E. of Derby .. B. Disraeli (1868). Ld. Chelmsford ..	W. E. Gladstone.
Lord Chancellor ..	Ld. Campbell .. Ld. Westbury (1861). Ld. Cranworth (1865).	—	Ld. Hatherley. Ld. Selborne (1872).
Lord President ..	Earl Granville ..	D. of Buckingham .. D. of Marlborough (1867)	Earl de Grey. Ld. Aberdare (1871).
Ld. Privy Seal ..	D. of Argyll ..	E. of Malmesbury ..	E. of Kimberley. Visct. Halifax (1870).
Ld. Lieut. of Ireland ..	E. of Carlisle * .. Ld. Wodehouse * (1864) ..	D. of Abercorn * .. E. of Mayo (1868).	Earl Spencer *
Chan. of the Exchequer	W. E. Gladstone ..	B. Disraeli .. G. Ward Hunt (1868) ..	Robert Lowe. W. E. Gladstone (1873).
Home Secretary ..	Sir G. C. Lewis .. Sir G. Grey (1864) ..	Spencer Walpole .. Gathorne Hardy (1867) ..	H. A. Bruce. R. Lowe (1873).
Foreign Secretary ..	Earl Russell .. E. of Clarendon (1865) ..	Ld. Stanley ..	E. of Clarendon. Earl Granville (1870).
Sec. for the Colonies ..	D. of Newcastle .. E. Cardwell (1864) ..	E. of Carnarvon .. D. of Buckingham (1867) ..	Earl Granville. E. of Kimberley (1870).
Secretary for War ..	Sidney Herbert .. Sir G. C. Lewis (1861) .. Earl de Grey (1863). Marq. of Hartington (1866).	Gen. Peel .. Sir John Pakington (1867).	E. Cardwell.
Sec. for India ..	Sir C. Wood .. Earl de Grey (1866).	Visct. Cranborne .. Sir S. Northcote (1867).	D. of Argyll.
Sec. for Ireland..	E. Cardwell .. Sir R. Peel * (1861). Chichester Fortescue * (1865).	Ld. Naas .. Col. J. W. Patten * (1868)	Chichester Fortescue. Marq. of Hartington (1871).
First Ld. of Admiralty ..	D. of Somerset ..	Sir John Pakington .. H. Lowry-Corry (1867) ..	H. C. E. Childers. G. T. Goschen (1871).
Pres. of Bd. of Trade ..	T. Milner-Gibson ..	Sir S. Northcote .. D. of Richmond (1867) ..	John Bright. Chichester Fortescue (1870).
Chan. of Duchy of Lancaster	Sir G. Grey .. E. Cardwell (1861). E. of Clarendon (1864). G. J. Goschen (1866).	E. of Devon * .. Col. J. W. Patten * (1867)	Ld. Dufferin.* H. C. E. Childers (1872). John Bright (1873).

First Comr. of Works ..	Henry Fitzroy *	Ld. John Manners.. ..	A. H. Layard.*
	W. F. Cowper * (1860) ..	—	A. S. Ayrton * (1869).
Postmaster-General ..	E. of Elgin	D. of Montrose *	W. P. Adam * (1873).
	Ld. Stanley of Alderley ..	—	Marq. of Hartington.
	(1860).		Lyon Playfair * (1874).
Pres. of Poor Law Board	T. Milner-Gibson	Gathorne Hardy	G. J. Goschen.
	C. P. Villiers (1859). ..	E. of Devon * (1867) ..	J. Stansfeld (1871).
Vice-Pres. of the Council	Robert Lowe *	H. T. Lowry-Corry	W. E. Forster. ¹
	H. A. Bruce * (1864) ..	Ld. Robert Montagu * ..	
		(1867).	
Without Office	—	Spencer Walpole (May,	
		1867-1868).	

¹ Admitted to the Cabinet, 1870.

OFFICES.	FEBRUARY, 1874.	APRIL, 1880.	JULY, 1885.
Prime Minister ..	B. Disraeli	W. E. Gladstone	Marq. of Salisbury.
First Ld. of Treasury ..	B. Disraeli	W. E. Gladstone	E. of Iddesleigh.
Lord Chancellor ..	Ld. Cairns	Ld. Selborne	Ld. Halsbury.
Lord President ..	D. of Richmond	Earl Spencer	Visct. Cranbrook.
		Ld. Carlisle (1883).	
Ld. Privy Seal ..	E. of Malmesbury	D. of Argyll	E. of Harrowby.
	E. of Beaconsfield (1876) ..	Ld. Carlisle (1881).	
	D. of Northumberland ..	E. of Rosebery (1885).	
	(1878).		
Ld. Lieut. of Ireland ..	D. of Abercorn *	Earl Cowper *	E. of Carnarvon.
	D. of Marlborough * (1876)	Earl Spencer (1882) ..	In Commission (1886).
Ld. Chan. of Ireland ..	J. T. Ball *	Lord O'Hagan *	Ld. Ashbourne.
Chan. of the Exchequer	Sir S. Northcote	W. E. Gladstone	Sir M. Hicks-Beach.
		H. C. E. Childers (1882).	
Home Secretary ..	R. A. Cross	Sir W. Harcourt	Sir R. A. Cross.
Foreign Secretary ..	E. of Derby	Earl Granville	Marq. of Salisbury.
	Marq. of Salisbury (1878).		
Colonial Secretary ..	E. of Carnarvon	E. of Kimberley	Col. Stanley.
	Sir M. Hicks-Beach (1878).	E. of Derby (1882).	
Secretary for War ..	Gathorne Hardy	H. C. E. Childers	W. H. Smith.
	Col. Stanley (1878)	Marq. of Hartington (1882)	Visct. Cranbrook (1886).
Secretary for India ..	Marq. of Salisbury	Marq. of Hartington ..	Ld. R. Churchill.
	Gathorne Hardy (1878).	E. of Kimberley (1882).	
Sec. for Ireland..	Sir M. Hicks-Beach	W. E. Forster	Sir W. H. Dyke.*
	J. Lowther (1878)	Ld. F. Cavendish * (1882)	W. H. Smith (1886).
		G. O. Trevelyan * (1882).	
		H. C. Bannerman * (1884).	
Sec. for Scotland ..	—	—	D. of Richmond.
First Ld. of Admiralty..	G. W. Hunt	E. of Northbrook	Ld. G. Hamilton.
	W. H. Smith (1877).		
Pres. of Bd. of Trade ..	Sir C. Adderley *	J. Chamberlain	D. of Richmond.
	Visct. Sandon (1878)	—	Earl Stanhope (1885).
Chan. of Duchy of Lancaster	T. E. Taylor *	John Bright	Henry Chaplin.*
		E. of Kimberley (1882).	
		J. G. Dodson (1882).	
		G. O. Trevelyan (1884).	
First Comr. of Works ..	Ld. Hen. G. Lennox * ..	W. P. Adam *	D. R. Plunkett.*
		G. J. Shaw-Lefevre * (1881).	
		E. of Rosebery (1885).	
Postmaster-General ..	Ld. John Manners.. ..	Henry Fawcett *	Ld. John Manners.
		G. J. Shaw-Lefevre (1883).	
Pres. of Loc. Govt. Bd.	G. Selater Booth *	J. G. Dodson	A. J. Balfour.*
		Sir C. W. Dilke (1882).	
Vice-Pres. of Council ..	Visct. Sandon *	A. J. Mundella *	Hon. E. Stanhope.
	Ld. G. Hamilton * (1878)	—	Sir Hen. Holland * (1885).
OFFICES.	FEBRUARY, 1886.	AUGUST, 1886.	AUGUST, 1892.
Prime Minister ..	W. E. Gladstone	Marq. of Salisbury	W. E. Gladstone.
			E. of Rosebery (1894).
First Ld. of Treasury ..	W. E. Gladstone	Marq. of Salisbury	W. E. Gladstone.
		W. H. Smith (1887) ..	E. of Rosebery (1894).
		A. J. Balfour (1891).	
Lord Chancellor ..	Ld. Herschell	Ld. Halsbury	Ld. Herschell.
Lord President ..	Earl Spencer	Visct. Cranbrook	E. of Kimberley.
			E. of Rosebery (1894).
Lord Privy Seal ..	W. E. Gladstone	Earl Cadogan ¹	W. E. Gladstone.
			Ld. Tweedmouth (1894).
Ld. Lieut. of Ireland ..	E. of Aberdeen *	Marq. of Londonderry * ..	Lord Houghton.*
		E. of Zetland * (1889).	
Ld. Chan. of Ireland ..	John Naish *	Ld. Ashbourne	Samuel Walker.*
Chan. of the Exchequer	Sir W. Harcourt	Ld. R. Churchill	Sir W. Harcourt.*
		G. J. Goschen (1886).	
Home Secretary ..	H. C. E. Childers	H. Matthews	H. H. Asquith.
Foreign Secretary ..	E. of Rosebery	E. of Iddesleigh	E. of Rosebery.
		Marq. of Salisbury (1886)	E. of Kimberley (1894).
Colonial Secretary ..	Earl Granville	Earl Stanhope	Marq. of Ripon.
		Sir Hen. Holland (1887).	
Secretary for War ..	H. Campbell-Bannerman..	W. H. Smith	Sir H. C. Bannerman.
		Earl Stanhope (1887).	
Secretary for India ..	E. of Kimberley	Visct. Cross	E. of Kimberley.
			Sir H. H. Fowler (1894).
Sec. for Ireland..	John Morley	Sir M. Hicks-Beach	John Morley.
		A. J. Balfour (1887).	
		W. L. Jackson * (1891).	
Sec. for Scotland ..	G. O. Trevelyan	A. J. Balfour	Sir G. O. Trevelyan.
		Marq. of Lothian * (1887)	

First Ld. of Admiralty	Marq. of Ripon	Ld. G. Hamilton	Earl Spencer.
Pres. of Bd. of Trade ..	A. J. Mundella	Ld. Stanley of Preston ..	A. J. Mundella.
Chan. of Duchy of Lancaster	—	Sir M. Hicks-Beach (1888)	Jas. Bryce (1894).
Chief Comr. of Works ..	E. of Morley *	Ld. John Manners	Jas. Bryce.
Postmaster-General ..	G. J. Shaw-Lefevre ..	D. R. Plunkett *	Ld. Tweedmouth (1894).
Pres. of Loc. Govt. Bd.	J. Chamberlain	H. C. Raikes *	G. J. Shaw-Lefevre.
	J. Stansfeld (1886) ..	C. T. Ritchie ¹	Herbert Gladstone * (1894).
Vice-Pres. of Council ..	Sir Lyon Playfair *	—	Arnold Morley.
Pres. of Bd. of Agric. ..	—	Sir Hen. Holland *	H. H. Fowler.
Without Office	—	Sir W. Hart Dyke * (1887).	G. J. Shaw-Lefevre (1894).
		Hen. Chaplin	A. H. D. Acland.
		Sir M. Hicks-Beach (Mar., 1887-Jan., 1888).	Herbert Gardner.*

¹ Admitted to the Cabinet, 1887.

OFFICES.		JUNE, 1895.		JULY, 1902.		JANUARY, 1906.	
Prime Minister	Marq. of Salisbury	.. ..	A. J. Balfour	.. ..	Sir H. C. Bannerman.	.. ..	H. H. Asquith (1908).
First Ld. of the Treasury	A. J. Balfour	.. ..	A. J. Balfour	.. ..	Sir H. C. Bannerman.	.. ..	H. H. Asquith (1908).
Lord Chancellor	Ld. Halsbury	.. ..	Ld. Halsbury	.. ..	Ld. Loreburn.	.. ..	E. of Crewe.
Lord President	D. of Devonshire	.. ..	D. of Devonshire	.. ..	Marq. of Londonderry (1903).	.. ..	Visct. Wolverhampton (1908).
					Visct. Morley of Blackburn (1910).	.. ..	Marq. of Ripon.
Lord Privy Seal	Visct. Cross	.. ..	A. J. Balfour	.. ..	Marq. of Salisbury (1903).	.. ..	E. of Crewe (1908).
						.. ..	Earl Carrington (1911).
Ld. Lieut. of Ireland ..	Earl Cadogan	.. ..	E. of Dudley *	.. ..	E. of Aberdeen.*	.. ..	Sir S. Walker.*
Ld. Chan. of Ireland ..	Ld. Ashbourne	.. ..	Ld. Ashbourne	.. ..	Redmond Barry * (1911).	.. ..	H. H. Asquith.
Chan. of the Exchequer	Sir M. Hicks-Beach	.. ..	C. T. Ritchie	.. ..	Austen Chamberlain (1903)	.. ..	D. Lloyd George (1908).
Home Secretary	Sir M. White Ridley	.. ..	A. Akers-Douglas	.. ..	Herbert J. Gladstone.	.. ..	W. S. Churchill (1910).
	C. T. Ritchie (1900)	.. ..	—	.. ..	R. McKenna (1911).	.. ..	Sir Edward Grey.
Foreign Secretary	Marq. of Salisbury	.. ..	Marq. of Lansdowne	.. ..	E. of Elgin.	.. ..	E. of Crewe (1908).
Colonial Secretary	Marq. of Lansdowne (1900).	.. ..	J. Chamberlain	.. ..	Hon. A. Lyttelton (1903).	.. ..	Lewis Harcourt (1910).
	J. Chamberlain	.. ..	Hon. St. John Brodrick	.. ..	H. O. Arnold Forster (1903).	.. ..	R. B. Haldane.
Secretary for War	Marq. of Lansdowne	.. ..	Hon. St. John Brodrick	.. ..	Ld. G. Hamilton	.. ..	John Morley.
	Hon. St. John Brodrick (1900).	.. ..	Hon. St. John Brodrick	.. ..	Hon. St. John Brodrick (1903).	.. ..	E. of Crewe (1910).
Secretary for India	Ld. G. Hamilton	.. ..	Ld. G. Hamilton	.. ..	George Wyndham	.. ..	James Bryce.
		.. ..		.. ..	Walter Long (1905)	.. ..	Augustine Birrell (1907).
Sec. for Ireland	Gerald Balfour *	.. ..	George Wyndham	.. ..	Ld. Balfour of Burleigh	.. ..	John Sinclair.
Sec. for Scotland	George Wyndham * (1900)	.. ..	Ld. Balfour of Burleigh	.. ..	A. G. Murray (1903).	.. ..	Marq. of Lintithgow (1905).
	Ld. Balfour of Burleigh	.. ..		.. ..	E. of Selborne	.. ..	Ld. Tweedmouth.
First Ld. of Admiralty	G. J. Goschen	.. ..	E. of Selborne	.. ..	Earl Cawdor (1905)	.. ..	R. McKenna (1908).
	E. of Selborne (1900)	.. ..		.. ..		.. ..	W. S. Churchill (1911).
Pres. of Bd. of Trade ..	C. T. Ritchie	.. ..	Gerald Balfour	.. ..	D. Lloyd George.	.. ..	W. S. Churchill (1908).
	Gerald Balfour (1900)	.. ..	Marq. of Salisbury (1905)	.. ..	Sydney Buxton (1910).	.. ..	Sir H. H. Fowler.
Chan. of Duchy of Lancaster	Ld. James of Hereford	.. ..	Sir W. A. Walrond *	.. ..	Ld. Fitzmaurice (1908).	.. ..	J. A. Pease (1910).
		.. ..		.. ..	C. E. H. Hobhouse (1911).	.. ..	Lewis Harcourt. ¹
First Comr. of Works ..	A. Akers-Douglas	.. ..	Lord Windsor *	.. ..	Earl Beauchamp (1910).	.. ..	Sydney Buxton.
Postmaster-General	D. of Norfolk *	.. ..	Austen Chamberlain	.. ..	Herbert Samuel (1910).	.. ..	John Burns.
Pres. of Loc. Govt. Board	Henry Chaplin	.. ..	Ld. Stanley (1903).	.. ..	Augustine Birrell.	.. ..	R. McKenna (1907).
	Walter Long (1900)	.. ..	Walter Long	.. ..	W. Runciman (1908).	.. ..	J. A. Pease (1911).
Pres. of Bd. of Education	Sir John Gorst *	.. ..	Gerald Balfour (1905).	.. ..	Earl Carrington.	.. ..	Walter Runciman (1911).
		.. ..	Marq. of Londonderry	.. ..		.. ..
Pres. of Bd. of Agricul.	Walter Long	.. ..	E. W. Hanbury	.. ..		.. ..
	E. W. Hanbury (1900)	.. ..	E. of Onslow (1902)	.. ..		.. ..
		.. ..	Hon. Ailwyn Fellowses (1905).	.. ..		.. ..

¹ Admitted to the Cabinet, 1907.

SPEAKERS OF THE HOUSE OF COMMONS, 1812-1912.

Charles Abbot (Lord Colchester), 1802.
 Charles Manners Sutton (Visct. Canterbury), 1817.
 James Abercromby (Lord Dunfermline), 1835.
 Charles Shaw-Lefevre (Visct. Eversley), 1839.
 J. Evelyn Denison (Visct. Ossington), 1857.
 Sir H. W. B. Brand (Visct. Hampden), 1872.
 Arthur Wellesley Peel (Visct. Peel), 1884.
 William Court Gully (Visct. Selby), 1895.
 James William Lowther, 1905.

APPENDIX No. III

A CHRONICLE OF THE BRITISH EMPIRE BEYOND THE SEAS

EUROPEAN POSSESSIONS.—*Gibraltar*.—1704. Taken from the Spaniards.—1830. Limited civil rights granted to the inhabitants, but executive and legislative powers vested in the Governor. *Malta*.—1800. Captured from the French.—1849. A constitution granted which was slightly altered in 1887 and 1903. *The Ionian Islands*.—1815. Taken from the French.—1864. Annexed to Greece. *The Island of Heligoland*.—1814. Ceded to Britain by Denmark.—1890. Given to Germany.

INDIA.—1599. East India Company founded.—1600. Company incorporated.—1612. Settlement established at Pettapoli.—1639. Settlement at Madras.—1650. Settlement at Bengal.—1669. Settlement at Bombay.—1689. Organized rule of East India Company began, the presidencies of Bengal, Madras, and Bombay having been already established.—1698. Act creating new East India Company.—1708. Two companies amalgamated. 1712. Act continuing privileges of Company.—1730. Charter of company prolonged to 1766.—1742. Charter extended until 1783.—Mid-18th century. Conquests by Clive and his generals.—1773. Regulating Act whereby in England the company was governed by a Court of Directors and Court of Proprietors and in India each of the three presidencies was ruled by president or governor and council appointed by the company. Supremacy of Bengal, with a governor-general and four councillors. Warren Hastings appointed governor-general.—1784. Board of Control established to superintend civil and military government.—1813. Private merchants permitted to trade to India, but company retained monopoly of tea trade.—1833. Trade monopoly of company finally abolished.—1853. Charter renewed, but Indian civil service thrown open to competition.—1857. Indian Mutiny.—1858. Government transferred to the Crown and placed under a Secretary of State and a council of fifteen members, eight being appointed by the Crown and seven by the directors of the East India Company.—1861. Constitution of governor-general's council modified and powers of legislative council curtailed.—1886. British Burma became British territory.—1907. Two natives placed on the council of the Secretary of State.—1909. Constitution of legislative council altered so as to admit some members by popular election.—1912. Further modification of constitution.

For administrative purposes British India is divided into fifteen provinces, each with its local government. These provinces are the three old presidencies of Bengal, Madras and Bombay, four lieutenant-governorships and eight chief-commissionerships. India includes besides these provinces a number of feudatory states whose rulers are under British protection. There are also

three independent native states within the British sphere of influence, namely, Nepal, Bhutan and Afghanistan, which have no political relations with any foreign power except Great Britain.

CEYLON.—1796. Cession by the Dutch to Great Britain and governed from Madras.—1801. Made a separate Crown Colony.—1802. Cession by Dutch confirmed. Administration by a governor and executive council of six members and a legislative council of seventeen, of whom eight are non-official members nominated by the governor, three of them are usually Europeans representing the planters and the others natives of Ceylon.

THE STRAITS SETTLEMENTS (including Singapore, Penang, Malacca, Labuan, Cocos Islands and Christmas Island).—1786. Penang ceded to the Indian Government by the Rajah of Kedah.—1795. Malacca captured from the Dutch.—1818. Malacca restored to the Dutch.—1819. Singapore first occupied by the British.—1824. Singapore ceded to Britain by the Sultan of Johore. Malacca given back to Britain by Dutch.—1867. Transferred from Indian Government to the Secretary of State.—1885. Johore placed under British protection.—1895. Treaty of federation of the four states (Perak, Selangor, Negri Sembilan and Pehang) forming the Federated Malay States.—1900. Christmas islands added to colony.—1903. Cocos or Keeling Islands added to colony.—1907. Labuan incorporated with Singapore.—1909. Federal council constituted for the four states. Kedah, Perlis, Kelantan and Trengganu placed under British suzerainty by Siam.—1912. Labuan made a separate settlement.

BRITISH NORTH BORNEO.—1877. Acquired by Britain and administered by a governor.—1881. North Borneo Company founded.

BRUNEI on the island of Borneo.—1888. Placed under British protection.—1906. British resident appointed.

SARAWAK.—1842. Acquired from the Sultan of Borneo by the late Sir James Brooke, who became rajah, and ruled under British protection by him and his descendants with a mixed council of Europeans and Malays.

HONG KONG.—1842. Ceded to Britain by the Treaty of Nankin.

WEIHAIWEI and NEW TERRITORIES.—1898. Leased by China to Britain.—1904. A part of the New Territories (New Kowloon) placed under Hong Kong Sanitary Board.

CYPRUS.—1878. Placed under British administration.—1914. Annexed to the British Empire.

ADEN.—1839. Captured by British and administered from Bombay.—1850. Declared a free port.

DOMINION OF CANADA.—1864. Quebec Resolutions passed as basis for confederation.—1867. Act of Confederation (British North America Act, 1867). The Dominion consisted at first of the provinces of Quebec, Ontario, Nova Scotia and New Brunswick. Constitution provided for a governor-general, who was also commander-in-chief of the naval and military forces, aided by a council styled the Queen's Privy Council for Canada, chosen by him. Parliament consists of an upper house of seventy-two members

called the senate appointed by the governor for life, and a lower house of one hundred and eighty-one members popularly elected, called the house of commons. Each province has its lieutenant-governor and government of one or two chambers.

CANADA, comprising the provinces of QUEBEC and ONTARIO.—16th century. Colonized by France.—1763. Ceded to Britain by Treaty of Paris.—1774. Quebec Act passed whereby French Canadians enjoyed their civil and religious rights, large territories annexed and legislative council appointed.—1791. Division into the provinces of Upper Canada (now Ontario) and Lower Canada (now Quebec), with distinct governments, each with legislative council and assembly, the former province was ruled under British law and the latter under French law.—1819. Refusal by the house of assembly of Lower Canada to vote supplies owing to a dispute with the home government.—1831. Compromise whereby the civil list was fixed.—1837. Demand for elective legislative councils and rebellion on refusal by home government. Lord Durham appointed Governor-General and Lord High Commissioner to investigate the trouble. His conciliatory report.—1841. Upper and Lower Canada reunited, with a legislative council of 40 members appointed for life by the Crown and a legislative assembly of 84 members (later increased to 130) elected by the people.—1847. Civil list conceded to Canadian government.—1852. Grand Trunk Railway begun.—1854. Reciprocity Treaty with United States.—1858. Adoption of decimal currency. Ottawa chosen capital.—1865. Seat of government transferred to Ottawa.—1866. Termination of Reciprocity Treaty by the United States.—1867. Formed the nucleus of the Canadian Confederation.—1898. Area of Quebec extended.

Legislature for Quebec is composed of a lieutenant-governor, a legislative council of 24 members appointed by the lieutenant-governor in council, a legislative assembly of 81 members elected for five years, and an executive council composed of the lieutenant-governor and ministers. The legislature of the province of Ontario consists of a lieutenant-governor and a legislative assembly of 111 members elected for four years on a manhood suffrage.

NOVA SCOTIA, formerly ACADIA.—From 1497, when Cabot visited it, the English settlers in Virginia claimed the coast land.—1604. Settled by the French.—1621. Granted by James I. to Sir William Alexander for colonization (when first called Nova Scotia).—1710. Captured from the French.—1713. Confirmed to England by Treaty of Utrecht.—1763. New Brunswick, Cape Breton and Prince Edward Island ceded to England under Treaty of Paris and the two former annexed to Nova Scotia.—1867. Joined the Canadian Confederation with government consisting of lieutenant-governor and legislative council of 36 members (afterwards reduced to 21) appointed for life and a legislative assembly of 55 members (later reduced to 48) elected for four years.

NEW BRUNSWICK.—1713. Claimed by English under Treaty of Utrecht.—1763. Confirmed to Britain under Treaty of Paris and annexed to Nova

Scotia.—1784. Formed into a distinct province.—1867. Joined Canadian Confederation with government consisting of a lieutenant-governor, a legislative council of 40 members appointed for life, a legislative assembly of 40 members (later increased to 47 members) and an executive council of nine members (later reduced to five ministers).—1891. Legislative council abolished.

CAPE BRETON.—1763. Ceded to Britain by French under Treaty of Paris and annexed to Nova Scotia.—1783. Formed into distinct province.—1820. Final annexation to Nova Scotia.

PRINCE EDWARD ISLAND.—1763. Ceded to Britain by French under Treaty of Paris.—1867. Balloted out of the Union.—1873. Joined the Canadian Confederation with legislature consisting of a governor, an executive council, a legislative council of 13 members (abolished on joining the Union) and a house of assembly of 30 members elected under a manhood suffrage.

MANITOBA.—1812. Capt. Miles Macdonell in the name of Lord Selkirk took possession of Assiniboia from the Hudson's Bay Company. The district became known as the Red River Colony.—1841. The municipal district of Assiniboia, extending for 50 miles in all directions from the forks of the Red and Assiniboine Rivers, was formed.—1870. Province of Manitoba formed and incorporated in the Dominion with lieutenant-governor, legislative council and legislative assembly.—1876. Legislative council abolished.

SASKATCHEWAN and ALBERTA.—1875. Formation of North-West Territories out of the Hudson's Bay Company's lands. Provisional districts of Assiniboia, Saskatchewan, Alberta and Athabasca created.—1905. The provinces of Saskatchewan and Alberta formed and incorporated in the Dominion, each with a lieutenant-governor and an elected legislative assembly.

BRITISH COLUMBIA and VANCOUVER'S ISLAND.—1792. North-west coast from United States boundary to Alaska secured to England by treaty with Spain and called New Caledonia. The Island of Vancouver explored by George Vancouver.—1838. New Caledonia included in Hudson's Bay Territories.—1849. Vancouver's Island constituted a Crown Colony and granted to the Hudson's Bay Company on condition it should be colonized.—1856. Representative government granted to Vancouver's Island.—1858. Discovery of gold in New Caledonia. Revocation of grants of New Caledonia and Vancouver's Island to Hudson's Bay Company. New Caledonia henceforth called British Columbia and constituted a separate colony.—1866. The two colonies united.—1871. The united colonies became part of the Dominion of Canada. The provincial government consists of a lieutenant-governor and an elected legislative assembly of 42 members (increased in 1915 to 47).

YUKON TERRITORY.—1895. Proclamation naming district.—1896 Gold found at Klondike.—1898. Granted a legislature, under the Dominion, of a commissioner and legislative council of ten members.

NORTH-WEST TERRITORIES and HUDSON'S BAY COMPANY.—1670.

Charter by Charles II. to Prince Rupert for monopoly of trade from Lake Superior to the Rocky Mountains and from Manitoba to Athabasca. The company thus formed was purely trading and discouraged settlement.—1783-4. The North-West Company formed by merchants of Montreal to develop the fur trade.—1821. Union of Hudson's Bay Company and North-West Company.—1870. Hudson's Bay Company's rights in Rupert's Land purchased by the Dominion.—1875. Lieutenant-governor appointed for Rupert's Land and the North-West Territories.

NEWFOUNDLAND.—15th and 16th centuries. A fishing station used at first by British fishermen, then by Portuguese and French.—1583. Sir Humphrey Gilbert hoisted English flag on the island.—1610. Company formed for colonizing eastern part of the island and settlement at Conception Bay. Other companies established by James I. for settling other parts of the island; the various companies appointed their governors.—1635. Permission from Charles I. to the French to cure and dry their fish on Newfoundland coast.—1637. A grant of the whole island to a trading company.—1651. Commissioners appointed by Cromwell to govern the island.—1662. Settlement of French at Placentia gave rise to disputes.—1713. Island confirmed to Britain and the French settlers removed to Cape Breton.—1729. A governor appointed.—1763. Labrador and the island of Anticosti annexed to Newfoundland. Islands of St. Pierre and Miquelon granted as a shelter to French fishermen.—1774. Labrador restored to Canada.—1809. Labrador and Anticosti reannexed to Newfoundland.—1825. Labrador and Anticosti handed back to Lower Canada.—1832. Representative government granted to Newfoundland.—1842. An amalgamated legislature granted.—1847. Former constitution restored.—1855. New constitution granted, consisting of a governor aided by an executive council of responsible ministers appointed by him, a legislative council of 24 members nominated for life, and a house of assembly of 36 members elected under a manhood suffrage for four years.

BRITISH WEST INDIES and adjoining groups of islands.—1655. Jamaica taken from the Spaniards, governed by a council and legislative assembly.—1854. A privy council and an executive committee created and the number of members of the legislative assembly increased.—1866. Jamaica became a Crown Colony.—1884. A governor and privy council of nominated members and a legislative council partly official, partly nominated and partly elected. The remaining islands, including the Bahamas, Leeward Islands, the Windward Islands, Barbadoes, Trinidad and Tobago, were taken from the French or Spanish in the 17th, 18th and 19th centuries or by settlement of abandoned Spanish colonies. They have had various forms of legislatures, but owing to the racial difficulties representative government has not progressed. They are administered as Crown Colonies without responsible governments.

BRITISH HONDURAS.—1638. Settled by adventurers from Jamaica and considered a dependency of that island.—1862. Declared a colony under Jamaica with a lieutenant-governor.—1870. Became a Crown Colony.—

1884. Connexion with Jamaica severed and a governor, executive council and legislative council of official and nominated members established.

BRITISH GUIANA.—1814. Ceded by the Dutch as two colonies.—1831. The governments united ; legislature consisted of a governor, court of policy and combined court.—1891. Reconstitution of the two courts.

FALKLAND ISLANDS.—1832. Annexed from Buenos Ayres.—1843. Administered as a Crown Colony by a governor and executive and legislative councils.

THE UNION OF SOUTH AFRICA.—1910. Act constituting the Cape of Good Hope, Natal, the Transvaal and the Orange Free State provinces of the Union of South Africa. The administration of the Union to be under a governor-general appointed by the Crown with an executive council chosen by him. The departments of state are administered by officers appointed by the governor-general. The Senate consists of 40 members, eight nominated by the governor-general in council and eight for each of the four provinces. The House of Assembly consists of 121 members, 51 representing the Cape of Good Hope, 17 Natal, 36 the Transvaal and 17 the Orange Free State. Cape Town is the legislative capital and Pretoria the administrative capital.

CAPE OF GOOD HOPE OR CAPE COLONY.—1814. Surrendered by the Dutch to Britain.—1819. Settlement at Port Elizabeth and Grahamstown.—1825. Cape Colony extended to the Orange River.—1836. First trek of Boers.—1853. Representative government conferred.—1865. Kaffraria annexed to Cape Colony.—1871. Basutoland and Griqualand West annexed.—1872. Responsible government granted.—1875. The Transkei Territory annexed.—1884. Walfish Bay, which became a British possession in 1878, annexed to Cape Colony.—1885. The southern part of Bechuanaland, where Boers had established republics, constituted a Crown Colony and annexed to Cape Colony.—1894. Pondoland annexed.—1895. British Bechuanaland annexed.

NATAL.—1824. Settlement at Durban or Port Natal.—1828. Settlement abandoned.—1838. Republic of Natalia proclaimed by Boers.—1843. Natal declared a British colony.—1844. Annexed to Cape Colony.—1856. Created a separate colony.—1879. Zululand conquered ; in 1887 annexed to Natal ; in 1893 responsible government granted ; and in 1897 incorporated in Natal.—1903. Vryheid, Utrecht and Paulpietersburg annexed.

ORANGE FREE STATE.—1836. First Boer trek.—1848. Land between the Rivers Orange and Vaal declared British territory and called ' the Orange River Sovereignty.' Boer resistance and defeat at Boomplatz.—1853. Colony abandoned.—1854. Orange Free State founded.—1899. War between Great Britain and the Boer Republics.—1900. Both Boer Republics came under British rule.—1906. Full self-government granted, consisting of an administrator appointed by the governor-general in council, an elected council and an executive council of four chosen by the council.

TRANSVAAL.—1852. Boer retirement beyond the River Vaal from the Orange River Sovereignty.—1856. South African Republic or Transvaal

founded.—1877. Transvaal declared British territory.—1880. Boer revolt.—1881. Defeat of British at Majuba and Boer republic re-established.—1886. Discovery of gold and rush of immigrants.—1895. Jameson raid.—1899. War between Great Britain and the Boer republics.—1900. Both Boer republics came under British rule.—1906. Self-government granted similar to that given to the Orange Free State (*q.v.*).

SOUTH AFRICAN HIGH COMMISSION.—1847. Sir Henry Pottinger appointed governor of Cape of Good Hope and high commissioner for settling the affairs of territories adjacent to the eastern and north-eastern frontier of the colony.—Subsequent governors of Cape Colony similarly appointed.—1900. Office of high commissioner separated from that of governor.—1910. Lord Gladstone, governor-general of South Africa, appointed high commissioner which included governorship of Basutoland and control over the Protectorates of Bechuanaland and Swaziland and over Rhodesia.

BASUTOLAND.—1868. Recognized as British territory.—1871. Attached to Cape Colony.—1883. Transferred to Imperial Government.

PROTECTORATES OF SWAZILAND and BECHUANALAND.—Formerly administered by South African Republic.—1906. Each protectorate administered by a resident commissioner under the High Commissioner.

RHODESIA.—1888. Treaty with Lobengula, chief of the Matabeles, whereby Matabeleland was closed to foreigners.—1889. Charter to British South Africa Company to colonize and develop territories south of the Zambesi.—1891. Company's operations extended north of the Zambesi and British protectorate established in Central Africa.—1898. Southern and North-eastern Rhodesia are administered by the British South Africa Company.—1903. Legislative council subordinate to High Commissioner, granted.—1911. North-eastern and North-western Rhodesia amalgamated as Northern Rhodesia.

BRITISH WEST AFRICA.—C. 1900. Gold Coast and Sierra Leone, Gambia and Nigeria recognized as British West Africa.

GOLD COAST and SIERRA LEONE.—1482. Trade secured to Portuguese by papal bull.—1588. Charter by Queen Elizabeth to merchants of Exeter to trade to Senegal and Gambia.—1618. Charter from James I. to certain merchants of London to trade to Guinea.—1631. Another charter to merchants of London to trade between Cape Blanco and the Cape of Good Hope for 31 years.—1662. A new company formed with head quarters at Cape Coast Castle.—1672. Royal African Company founded, which took over the forts of the earlier company.—1750. A new company, the African Company of Merchants, was formed.—1787. Sierra Leone selected as the site for a colony of emancipated negro slaves and Sierra Leone Company formed to administer colony.—1807. Sierra Leone Company surrendered its charter.—1821. The African Company of Merchants, which chiefly depended on the slave trade, abolished and the forts on the Gold Coast made dependencies of Sierra Leone.—1850. Danish settlements purchased and Gold Coast again made a separate colony with its executive and legislative councils.—

1865. West African settlements all united under a central government at Sierra Leone with local administrators in each.—1867. Treaty with Holland settling boundaries.—1872. Cession of Dutch settlements to Britain.—1874. Ashanti war and formation of Gold Coast Colony consisting of the Gold Coast and Lagos and establishment of West African Settlement including Sierra Leone and Gambia.—1888. Sierra Leone made a separate colony.—1896. Adansi and Ashantiland proclaimed British protectorate.—1897. The Northern Territories north of Ashanti formed into separate district.—1901. Ashanti and the Northern Territories annexed.

GAMBIA.—1588. Charter by Queen Elizabeth to company of British merchants to trade to Senegal and the Gambia.—1618. Fort James established.—1783. Guaranteed to English by Treaty of Versailles.—1807. Government of settlement passed to Crown.—1816. Settlement at St. Mary's Island established.—1821. Gambia annexed to Sierra Leone.—1843. Made a separate colony.—1866. Again annexed to Sierra Leone.—1888. Finally became an independent colony.

NIGERIA.—1816-39. Various expeditions to explore the course of the Niger.—1879. The United African Company formed.—1882. Company reconstituted under the name of the National African Company.—1884. French interests on Niger bought out and German protectorate over the Cameroons and Togoland declared.—1885. Navigation of the Niger declared free at Berlin Conference and Great Britain assumed a protectorate over the Oil Rivers in Southern Nigeria.—1885. The National African Company obtained from the Sultan of Sokoto in Northern Nigeria a treaty giving it jurisdiction over his territories on the Benue and Middle Niger.—1886. New Charter to the Company, under the name of the Royal Niger Company, to make treaties with the chiefs and acquire new territory.—1900. Administration of the territories of the Royal Niger Company assumed by the British Government and divided into the protectorates of Northern Nigeria and Southern Nigeria.—1906. Lagos (ceded to Britain in 1861 and attached to the Gold Coast Settlement until 1886, when it became a separate colony) annexed to Southern Nigeria.—1914. The protectorates of Northern and Southern Nigeria amalgamated as the protectorate of Nigeria.

BRITISH EAST AND CENTRAL AFRICA.—1904. Nyasaland or British Central Africa transferred to the Imperial government.—1905. East Africa, including the East Africa protectorate (with Zanzibar), the protectorates of Uganda and Somaliland similarly transferred.

NYASALAND, formerly PROTECTORATE OF BRITISH CENTRAL AFRICA.—1891. Voluntarily placed under British protection by native chiefs.—1907. Administration by a governor and executive and legislative councils.

EAST AFRICA.—1888. Charter granted to the Imperial British East Africa Company to develop East Africa north of the German Protectorate.—1895. Surrendered to British government.—1906. Administered by a governor and executive and legislative councils.

UGANDA.—For a time governed by the Imperial British East Africa

Company.—1894. Proclaimed a protectorate.—1902. A portion of Uganda protectorate transferred to East Africa protectorate.

SOMALILAND PROTECTORATE.—1884. Protectorate established and administered from Aden.—1898. Transferred to Foreign Office.—1905. Administered under Colonial Office.

ZANZIBAR AND PEMBA.—1890. Declared a British protectorate.

MAURITIUS.—1810. Captured from the French.—1814. Confirmed to Great Britain.—1850. Large immigration from India.

ST. HELENA.—Settled by the East India Company.—1834. Became a Crown Colony.

THE SEYCHELLES ISLANDS.—1794. Captured from the French.—1814. Confirmed to Great Britain.—1903. Constituted a separate colony.

ASCENSION.—1815. Uninhabited island occupied by the British and placed under the Board of Admiralty.

EGYPT.—1882. Egypt brought within the sphere of British influence.—1904. Anglo-French Agreement under which France recognized the permanency of British occupation.—1914. British Protectorate proclaimed.

THE COMMONWEALTH OF AUSTRALIA.—1849. Governor-general of all the Australian colonies appointed.—1861. Office of governor-general abolished.—1901. Federation of New South Wales, Victoria, South Australia, Queensland, Tasmania and Western Australia into the Commonwealth of Australia.—1911. Federal territory in district of Yass-Cantena in New South Wales and Northern Territory vested in the Commonwealth.

NEW SOUTH WALES.—1688. Visited by William Dampier.—1770. Capt. James Cook took possession of eastern coast in King's name.—1786. Commission to Capt. Phillip as governor of New South Wales, then including the greater part of Australia.—1788. Arrival of the 'first fleet.' Penal settlement established at Botany Bay.—1797. Sheep farming introduced by John Macarthur, 'father of the colony.'—1808. Revolt of colony.—1823.—Nominated legislative council appointed.—1824. Australian Agricultural Company incorporated for buying land and promoting emigration.—1832. Wakefield's system of emigration introduced.—1842. New council, consisting of 24 elected members and 12 nominated, established.—1850. Council enlarged to 54 members.—1851. Discovery of gold.—1852. New constitution, consisting of governor and legislative council nominated by him and an elected assembly.

NORFOLK ISLAND.—Administered by the governor of New South Wales.—1914. Taken over by Federal Parliament as part of the Commonwealth of Australia.

WESTERN AUSTRALIA.—1826. Convict settlement established at Albany.—1829. Captain Fremantle hoisted the British flag on the Swan River and took possession of all Australia not included in the territory of New South Wales.—1830. Executive Council granted.—1831. Legislative council formed.—1848. Penal settlement established.—1867. Penal settlement

abolished.—1870. Council of 12 elected and six nominated members established.—1890. Responsible government granted.—1893. Nominated legislative council abolished and an elected council substituted.

SOUTH AUSTRALIA.—1830. Colony founded under the auspices of the National Colonization Society.—1834. Colony created a province of New South Wales.—1837. Colony placed under a board of commissioners.—1842. Became a Crown Colony. Copper discovered.—1856. Responsible government with two chambers granted.

VICTORIA.—1834. First settlement made at Portland Bay.—1837. Town of Melbourne planned.—1850. Legislative Council established, partly nominated and partly elected.—1851. Separated from New South Wales. Gold discovered at Ballarat.—1855. Constitution extended as in New South Wales.

QUEENSLAND.—1823. Penal settlement formed at Brisbane.—1859. Separated from New South Wales and responsible government granted.

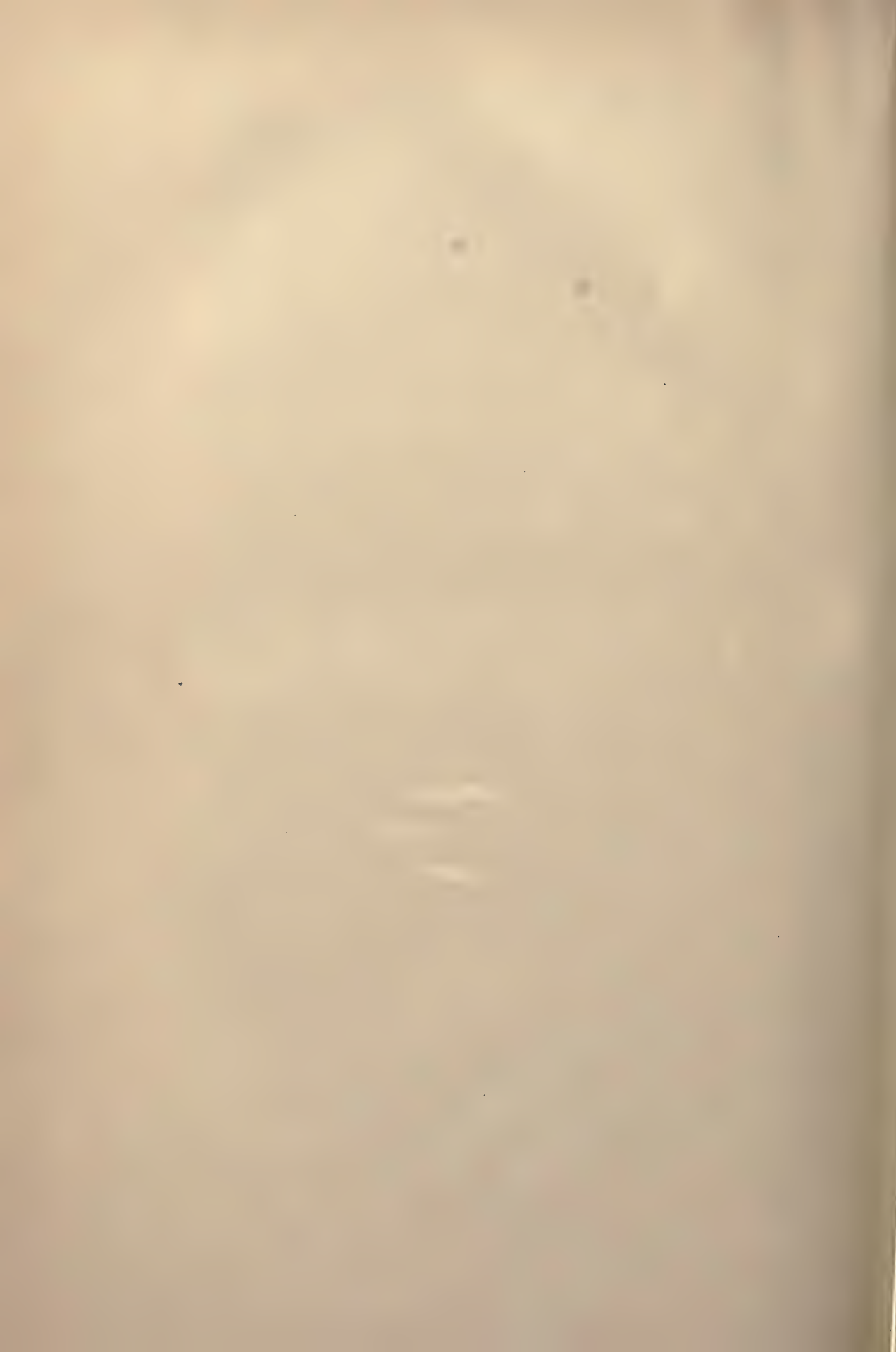
TASMANIA OR VAN DIEMEN'S LAND.—1825. Separated from New South Wales and governed under a lieutenant-governor with an executive and legislative council.—1856. Responsible government granted.

NEW GUINEA OR PAPUA.—1793. Annexed by officers in East India Company's service, later the western part occupied by the Dutch and the eastern by British and Germans.—1883. South-eastern part annexed by Queensland. Annexation disallowed.—1884. British protectorate proclaimed.—1885. Boundaries agreed with Germany.—1888. Proclaimed a Crown Colony with a lieutenant-governor aided by legislative and executive councils and administered by the Queensland government.—1906. Administration transferred to Commonwealth of Australia.

NEW ZEALAND.—1642. Discovered by Tasman, the Dutch navigator.—1769. Visited by Capt. Cook.—1792. Settlement by Europeans.—1825. New Zealand Company formed for colonization of the country.—1832. British resident appointed.—1837. The New Zealand Association for colonization on the Wakefield system superseded former company, but association dissolved owing to difficulty in obtaining charter from British government.—1838. New Zealand Colonization Company founded and surveyed coast.—1839. Second New Zealand Company established and New Zealand proclaimed a British colony.—1840. Colony made a dependency of New South Wales and Capt. Hobson made lieutenant-governor.—1840. 16 November. New Zealand made a separate colony under a governor and executive and legislative councils. Seat of government established at Auckland.—1853. Councils superseded by a General Assembly consisting of a legislative council and house of representatives.—1856. First ministry formed.—1861. Maori rising. Discovery of gold.—1865. Wellington superseded Auckland as seat of government.—1867. Maori population represented in Lower House.—1901. Cook and other islands annexed.

THE FIJI ISLANDS.—1874. Ceded to Britain by native chief.—1904. Granted a constitution.

THE WESTERN PACIFIC ISLANDS.—1892-1906. Gilbert and Ellice Groups, Ocean Island and Pitcairn Island placed under British rule and the New Hebrides under joint British and French protection.—1900. Ocean Island annexed to the protectorates.—1911. Union Islands annexed to the protectorates.—1915. Protectorates annexed and known as 'Gilbert and Ellice Islands colony.'—1916. Fanning Island and Washington Island added to the colony.



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SKETCH MAP SHOWING THE BAGDAD RAILWAY AND LINES CONNECTING WITH IT.
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SKETCH MAP OF SOUTH AMERICA.



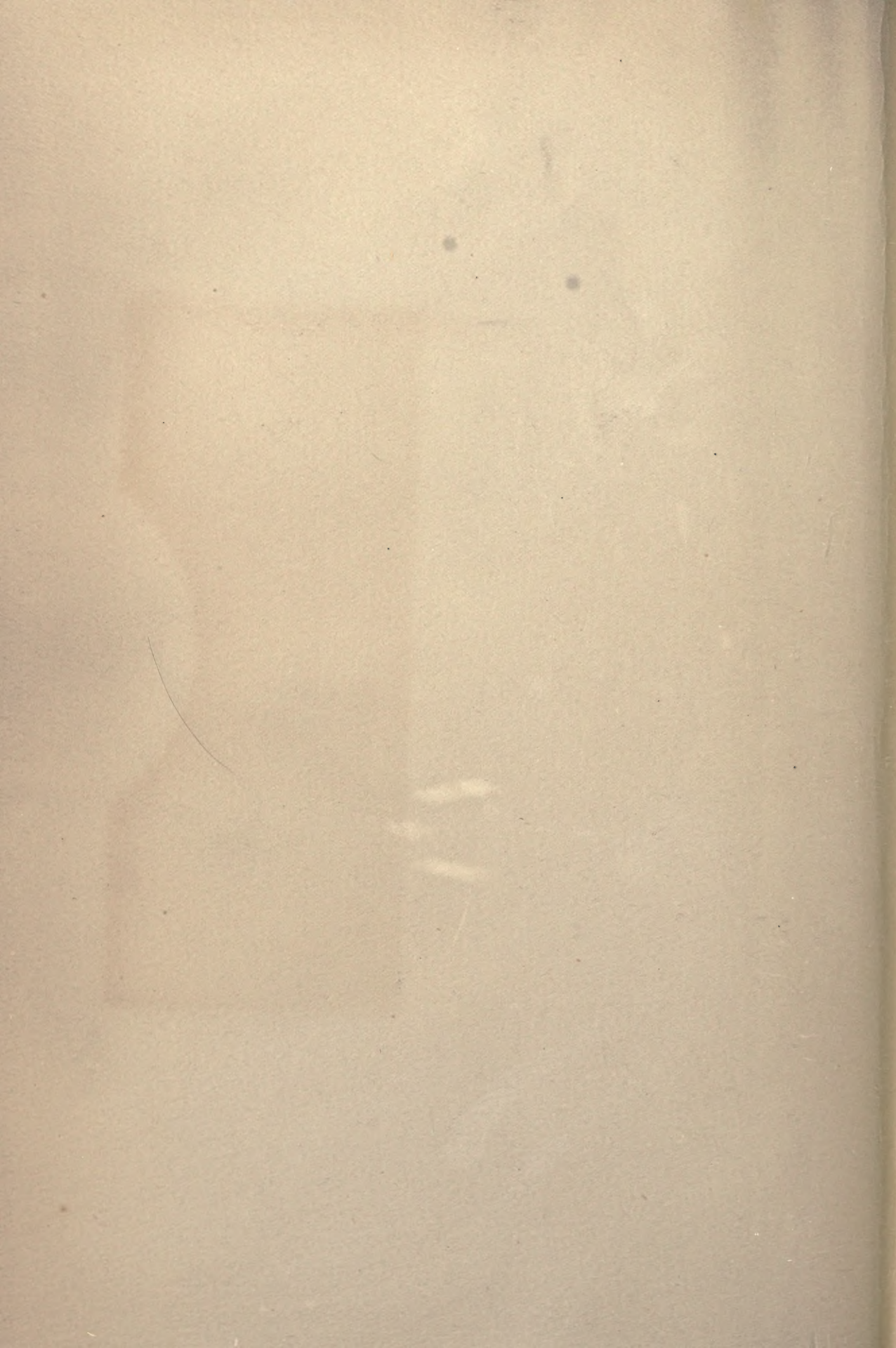


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